

The Rise and Fall of UNCTAD

–A study of the dynamics in the North-South Dialogue

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“Since the UN system has proved, over a sixty-year period that it is essentially unreformable, we will end up with donors increasingly turning away, the organization sinking into oblivion, and its member-delegates increasingly indulging in the displacement behavior of arguing about language that, in the end, does little to change reality”

Mark Halle (about UNCTAD in CUTS 2012:12)

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Abstract

In this thesis, UNCTAD (United Nations Conference of Trade and Development) is used as a case to shed light on the dynamics in the North-South dialogue. UNCTAD was meant to be the institutional arena where the South used Global Conference Diplomacy (GCD) to challenge the status quo in the quest for a New International Economic Order (NIEO). The quest of NIEO through UNCTAD failed conclusively when the outcome was compared to the stated objectives of the grand coalition of the South. Consequently, UNCTAD as an institutional arena and as a device for aggregating and articulating the demands of the South experienced a *Fall*.

The main objective of this thesis is to understand UNCTAD's development over time and explain the drivers behind the 'Rise' and 'Fall'. The wider aim is to identify drivers that are relevant to other GCD processes where the North-South cleavage appears. Preliminary interviews in Geneva and four months of participative observation in UNCTAD negotiations in 2011 served as a point of departure. I constructed a theoretical model that includes four selected independent variables: Consensual Knowledge, Problem Malignancy, Institutional Capacity and Power. The model also includes three specified criteria to evaluate UNCTAD's performance as an intergovernmental forum over time. In order to obtain information about these issues, 21 semi-structured elite interviews were conducted with 19 respondents who were diplomats, UNCTAD staff and experts in Norway and Geneva. It became clear that UNCTAD had experienced a rise and fall and was influenced by "the vicious cycle of deprioritization", "radicalization of the UN agenda and coalitions", "agenda sprawling", "law of the least ambitious program" and finally the "the contamination scare". It became clear from my analysis that the independent variables correlated, and subsequently three general findings from the analysis were examined: (i) In the GCD processes the leader and the secretariat play a fundamental and pivotal role in creating consensual knowledge between the North and South; (ii) The GCD process is sensitive towards the 'amplifying effect of the level of participation' in a competitive institutional landscape; (iii) The GCD process becomes harder when there is asymmetry in the power distribution in the negotiations in UNCTAD (the decision game), coupled with asymmetric power distribution in the world as such (basic game) and when these two games are incongruent.

I hope to make a small contribution to our understanding of the complexity of the dynamics in the North-South Dialogue and shed light on factors that increase the vulnerability for diplomatic gridlocks in the GCD processes.

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Acronyms

B-Group	Developed Countries
BRICS	Brazil, Russia, India, China and South Africa
CSO	Civil Society Organization
DFID	Department For International Aid
DG	Director General
DMFAS	Debt Management and Financial Analysis System
ECOSOC	UN Economic and Social Council
G-20	Group of 20
G77	Group of 77 (Developing countries)
GATT	General Agreement on Tariff and Trade
GCD	Global Conference Diplomacy
GSP	Generalized System of Preferences
HDR	Human Development Report
IGO	International Governmental Organization
ILO	International Labour Organization
IMF	International Monetary Fund
IO	International Organization
IPC	Integrated Programme for Commodities
ITO	International Trade Organization
JUSSCANNZ	Japan, the United States, Switzerland, Canada, Australia, Norway and New Zealand
LDC	Less Developed Countries
MAR	Multilateral Aid Review
MFA	Ministry of Foreign Affairs
MFN	Most Favored Nation
MIC	Middle Income Country
MOPAN	Multilateral Organisations Performance Assessment Network
NAM	Non-Alignment Movement
NGO	Non-Governmental Organization
NIEO	New International Economic Order
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
PM	Permanent Mission
SAP	Structural Adjustment Programmes
SG	Secretary General
TDB	Trade and Development Board
UN	United Nations
UNCLOS	United Nations Convention on Law of the Sea
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
UNEP	United Environmental Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNGA	United Nations General Assembly
UNIDO	United Nations Industrial Organization
WB	World Bank
WTO	World Trade Organization

1 Introduction

“The North-South division simplified the negotiations. The coalition structure had a facilitating function during UNCTAD’s rise. In later years this coalition structure has been one of the main causes leading to global conference diplomacy gridlocks. The map and terrain has been separated”
(Expert Lunde)

The United Nations Conference of Trade and Development (UNCTAD) was formed as an institutional device to aggregate and articulate the developing countries’ demands for a changed economic system (Walters 1972). UNCTAD’s main function has been “to provide a forum for questioning the basic assumptions underlying the present world economic order” (Gosovic 1968:77). The controversial North-South encounters in UNCTAD were important international incidents on the multilateral arena in the 1960’s and 1970’s. It was seen as the social, economic and political emancipation of a large number of third world nations which was considered to be one of the fundamental challenges to the contemporary international system (ibid).

Stephen Krasner (1981:120) argued that in the 1970’s there had never before been “[...] states with such wildly variant national power resources coexisting as formal equals” on the international arena. It was believed to be possible for different countries to sit together in UNCTAD and through Global Conference Diplomacy (GCD) negotiate new rules that would reshape financial and trade relations in a fairer and more balanced manner (UNCTAD 2004:xi). However, this rather idealistic approach had a tendency to overlook the fact that power remained the core reality of international relations (ibid). Thus, UNCTAD as an institutional device and GCD as a weapon against the West failed to reshape the economic system.

It has been quiet for 30 years and most people have forgotten about UNCTAD’s heydays. Yet, UNCTAD lives on and global negotiations are still taking place between the North and South in UNCTAD’s headquarters in Geneva and in the quadrennial conferences.

Many books and articles have described and analyzed what happened during the first 15-20 years of UNCTAD’s existence. In the last decades much less attention has been paid to UNCTAD. How can one understand the dynamics in the North- South dialogue that took place in UNCTAD in the 1960’s and 1970’s, and what is UNCTAD’s role today? Are there any

lessons learnt from the intense negotiations that may shed light in the North-South stalemate we are witnessing at the UN arena today?

It can be argued that UNCTAD with its highly ambitious plans for reshaping the world economic order is a rather unique organization. There are, nevertheless, several features of the negotiation processes that took place in UNCTAD that may be relevant for other UN forums. By understanding what happened with UNCTAD, one can with a theoretical framework capture important elements of GCD. Several respondents argued that *UNCTAD is an image of the broader UN system*.

A central assumption in this thesis is that an investigation confined to the North- South negotiations in UNCTAD may provide an explanation and be relevant to other institutional UN-contexts where the North-South cleavage appears. This assumption echoes Williams (1991:2-3) who studied the coalition of G77 in UNCTAD¹.

1.1 Purpose of this thesis

In this thesis a main objective is to understand the group dynamics in the negotiations that took place in UNCTAD by utilizing different theories and concepts from political science. A wider aim is to draw lessons learnt from UNCTAD's North-South negotiations that are relevant for other UN organizations that are experiencing the same block negotiations. The research questions are as follows:

(Main Research Question) How can one understand UNCTAD's development over time, more precisely the 'Rise' and 'Fall' of UNCTAD?

(Secondary Research Question) What does the analysis of UNCTAD tell us about the prospects of success and failure in Global Conference Diplomacy (GCD) in other UN organizations?

In order to answer the main research question the thesis will examine UNCTAD's historical development as a case. Based on secondary and primary literature one can roughly outline

¹ Williams (1991:2-3) argued that "Although the empirical data is drawn solely from the UNCTAD context, the conclusions can be generalized to cover the G77 in other organizational contexts".

two time periods conveying “The Rise of UNCTAD” (1964-mid 1980’s) and “The fall of UNCTAD” (mid 1980’s-2013). It is not within the scope of this thesis to examine the organization of UNCTAD as a whole, therefore UNCTAD’s function as a *forum* will be the focus. In order to assess UNCTAD’s level of success and failure as an intergovernmental forum one needs a standard to measure it against. Thus, selected elements from the theoretical framework from Bergesen and Lunde (1999) that has roots in institutional theory will be used in my interview guide. I have selected criteria and adopted this framework, in consultation with one of the co-authors, Leiv Lunde, to suit UNCTAD’s function of being an intergovernmental forum. These criteria are (1) Agenda setting (2) promote common understanding and (3) give policy advice concerning implementation. The three criteria serve as dimensions (or scores) on my dependent variable, UNCTAD (Y) and are used to answer the question “whether there has been a rise and fall of UNCTAD”. The different scores on UNCTAD (Y) will not be quantified as entirely positive or negative.

In order to capture and understand the drivers behind the development of UNCTAD I have gathered primary data based on a theoretical model of inquiry that was created after the literature review. Thus, the selected variables that affect my dependent variable UNCTAD (Y) are consensual knowledge (X_1), problem malignancy (X_2), institutional capacity (X_3) and power (X_4). In order to answer the secondary research question secondary literature as well as empirical information was used.

1.2 The scope of this thesis

In any thesis, it is important to limit the subject so that it becomes manageable within the frame of a Master’s thesis. Due to the space limitations there were several interesting issues that could not be addressed in my Research Questions. Some may argue that one needs to delve into Raul Prebisch’s theories². His theories have greatly affected UNCTAD and the ideology of G77, but will not be discussed in detail due to the disciplinary focus on the aspects that deal with political science. This also explains why I chose not to delve into the

² Raul Prebisch was an academic from the Latin American School who was the first Secretary General of UNCTAD. He had several influential theories that shaped UNCTAD and G77.

substantial trade and development topics discussed at the thirteen high level UNCTAD conferences, but rather focus on the overall picture and the coalition dynamic.

Regarding the secondary research question; this thesis does not presume that it is possible to generalize all my findings in to all GCD processes. However, the purpose of this thesis is to focus on certain elements that may shed light on the negotiation dynamics and speculate on the potential of generalization to other GCD processes that experience the same block negotiations.

UNCTAD is a huge organization performing different tasks, functions and projects. Evaluating UNCTAD as a whole is a time consuming task. Therefore, this thesis will restrict itself to only evaluating UNCTAD on the basis of one of its functions, namely being an intergovernmental forum.

1.2.1 Operationalization of the Dependent variable

This thesis uses UNCTAD as a case and outlines roughly two time periods conveying a change in the dependent variable, i.e. the rise and fall of UNCTAD. It must be underlined that this thesis examines “observed change” on the basis of historical anecdotes, information from key respondents, evaluations conducted and other relevant primary and secondary material. Observed change may not capture underlying variables that may affect my dependent variable (*confounding variables*, Skog 2004:259). Thus, one needs to critically think how and in what way the causal relationship ties my independent variables with my dependent variable and attempt to capture the relevant variables to avoid omitted variable bias (Skog 2004:214).

Many organizations are evaluated in an unfair manner as a generalized framework is used to cover all organizations - both *action* and *politically* based organizations. However, there are differences in organizations based on their mandates and what they are supposed to do. Thus, a challenge for my thesis is to evaluate and give scores on my dependent variable, UNCTAD, in a fair and just manner.

1.2.2 Clarification of concepts

There are several central words in my thesis that must be concretized and defined. *South* refers to the developing countries, i.e. the coalition *group of 77* (G77). According to Williams (1991:28) a developing country is defined as “one which considers itself as such and is generally included in this category by international economic organizations”. In other words, there is “an element of self-selection and independent validation for this status” (ibid). Within the G77 there are many countries that are *Less Developed Countries* (LDC). The UN uses a list of criteria that are specific to LDC (UN Development Policy and Analysis Division 2011³). There are also countries in the G77 that are *Middle Income Countries* (MIC). Today, the group calls itself *G77 and China*, however in this thesis I will refer to the whole group as G77.

I have used the term *West*. During the Cold War the G77 targeted the West, or the countries in the Organization for Economic Co-operation and Development of the Organization (OECD). Thus the authors writing about UNCTAD during the Cold War would refer to the West, but after the Cold War the authors would refer to the same group as the *North*.

UNCTAD uses *Global Conference Diplomacy* as a tool to reach goals. By using GCD it implies that there is (a) Universal participation of countries. That a given conference or organization has (b) a specific function or a restricted focus. The idea of GCD also implies that (c) the institutional rules of the game are agreed upon by the actors involved. One example can be the idea of reaching consensus. In the conference there are (d) certain formal and informal group coalitions/alliances. Finally, that the conference or organization has a (e) lighter organizational set up (Rittberger 1983:169-172). UNCTAD’s process exhibits all these traits.

GCD involves *negotiations* between countries. *Negotiations* can be defined as “the sum total of talks and contacts intended to solve conflicts or to work towards the common objective of a conference” (Kaufmann (1968) cited in Williams 1991:64). A diplomatic deadlock or gridlock is defined as “a period during a negotiation when parties stand firm on inconsistent positions” (Odell 2009:274).

3 Further information on the criteria see: <http://www.un.org/esa/analysis/devplan/profile/criteria.html>

1.3 Methodological approach

In order to answer my research questions and find relevant theoretical variables I had to delve into the primary and secondary literature on UNCTAD. This was necessary to understand the broader field of study and the historical context that UNCTAD was a part of. The literature on UNCTAD, New International Economic Order (NIEO), and North-South relations was vast.

Several months were used to obtain an overview of the existing academic work on this topic. This was a crucial part of the process as I chose some of the independent variables that were used by previous authors within this field. It was a demanding process as I had to critically assess the articles that were often highly ideological. The main literary work and classics within this field were read, afterwards I followed Aberbach and Rockman's (2002:673) maxim "purpose, purpose, purpose" and delved strategically into other articles that were referenced in the main literary work.

Most of the secondary literature covering UNCTAD was from the 1960's to early 1990's. In order to fill the empirical gap, semi-structured interviews were conducted in Geneva and Oslo. In 2011 I had four months of participative observations as an intern for the Permanent Mission of Norway covering the UNCTAD negotiations in Geneva. I met delegates and members of the UNCTAD's secretariat whom I believed could be potentially useful respondents. Three preliminary interviews were conducted. After my experience in 2011 the snowballing technique was used to get in touch with relevant people in Norway who had participated in the negotiations in UNCTAD. Semi-structured interviews in 2012 and 2013 were conducted in Oslo and Geneva. The reason why I chose in chapter 4 to focus and go into details of the *research process* is because the process of gathering data has had a large impact on and shaped this thesis. For example, the analysis includes many direct citations from the respondents from various groups. This may seem like repetition and dwelling on the same topic, but it is done because it conveys how the respondents perceive UNCTAD and the multilateral system differently. Having dissimilar, and sometimes opposing perceptions, has a great impact on the North-South dialogue.

1.4 Theoretical departure point

My research questions and theoretical variables are anchored in the field of study. The theoretical framework in this thesis will draw heavily on GCD literature, especially Arild Underdal's academic work (1980, 2002, 2012) concerning global negotiation processes. GCD literature by Volker Rittberger (1983) and Lisa H. Gelman (2000) will also be presented. The thesis will also refer to the classic literature including Joseph Nye in Robert W. Cox and Harold Jacobsen's book (1973), Robert W. Cox (1994) and Krasner (1981).

The abovementioned theoretical work is of a general nature and is a part of a broader discourse on GCD and negotiation literature. Another book which will be used in the theoretical framework is Helge Ole Bergesen and Leiv Lunde's book titled "Dinosaurs or Dynamos- The United Nations and The World Bank at the Turn of the Century" (1999). Bergesen and Lunde focused on the effectiveness of the UN-system in global governance. The authors have used institutional theory based on Nils Brunsson's book called the "Organization of hypocrisy" (Brunsson 1989).

Articles and papers on UNCTAD describe the negotiations, but without any theoretical framework (Meisaari-Polsa 1987:17). Many of these articles are normative and ideologically colored. The academics were influenced by the ideological trends at the time. One can argue that the contrasting interpretations by scholars and practitioners can be explained by the strong polarization between the pro-NIEO/UNCTAD groups versus the critics.

However, some of the academic literature from the 1990's was useful and included in my empirical background as well as in the analysis; Williams (1991 and 1994) and Righter (1995). Williams wrote specifically about the G77 in UNCTAD (1991), as well as the third world coalition in different economic institutions (1994). Righter's (1995) book "Utopia lost" is ideologically colored and is clearly with the con-NIEO/UNCTAD group. This is an interesting perspective as many of my respondents today echoed some of her interpretations.

Joseph Nye conducted fieldwork in Geneva on negotiations in UNCTAD already in 1969. The thorough article that utilizes a multifaceted theoretical framework was published in Cox and Jacobsen "The anatomy of influence". Nye (1973:370) ended his analysis of UNCTAD with this statement: "Whether Prebisch strategy (of using UNCTAD as a pressure group) will pay

off in the long run, proving UNCTAD to be one of those rare organizations that has contributed to re-creating its own environment, will be one of the intriguing questions of the next decade". Nye's article was an important source of background information.

Robert s. Walters (1971) was another scholar who studied UNCTAD during its early establishment. He criticized scholars and practitioners' narrow focus on results and goal achievement only in international organizations. Walters examined UNCTAD with a different perspective and viewed UNCTAD as an organization that aided the LDC to articulate, aggregate and communicate their preferences and demands in the international context.

Robin L. Rothstein (1984) also discussed some of the 'lessons learnt' from the 8 year long commodity negotiations in UNCTAD. Important elements identified by Rothstein during these negotiations will be used in this thesis. These elements include the politicization of the negotiation process and the importance of establishing consensual knowledge in North-South negotiations. Consensual knowledge is one of the independent variables (X_1).

Branislav Gosovic (1968) wrote about the North-South encounter in UNCTAD already in 1968 and covered UNCTAD I (Geneva 1964) and UNCTAD II (New Delhi 1968). In 1971 Gosovic published the book "UNCTAD: Conflict and Compromise". He argues that the high aims of the developing countries to press for change is "hindered by the fact that they face a group of countries with superior economic power who molded the present international economic system and find it highly advantageous to preserve status quo [...] the international community which should have come to their assistance is basically selfish and lacking in solidarity" (Gosovic 1971:IX). Gosovic's opening statements in his book illustrate the politicized tension on the topic of UNCTAD. Gosovic clearly belongs in the pro-NIEO/pro-UNCTAD group.

Many articles have been published that have dealt with UNCTAD and the commodity negotiations in purely economic terms, some have combined approaches⁴. Nevertheless, due to the focus on my thesis, I will not delve into the technical and economic substance discussed in UNCTAD, but only focus on political science aspects of the negotiations.

4 Rangarajan (1978: 19) focused on the "symbiotic relationship between the international economic system and international political system". He analyzes commodity conflict and his approach is to perceive national interest among governments as "part economic and part political" (Rangarajan 1978:18).

1.5 Relevance and importance of research questions

A senior diplomat who had worked with UNCTAD informed me that *“institutions in themselves are not important, it is the global problems and issues that one is trying to solve that are important. Because these issues have been taken over by other institutions, understanding UNCTAD in itself is not useful”*. Even though there is some truth in this perspective, I would argue that it is important to reflect on negotiations in the past in order to draw some lessons learnt that may be relevant to the negotiations at present and in the future. Variables in one negotiation process can be argued to be relevant to other negotiation processes that take place elsewhere in the UN system.

It is not new or controversial that UN organizations have been ineffective and that there exist diplomatic gridlocks. The former Norwegian Minister of Foreign Affairs, Jonas Gahr Støre (2012a), claims that the results from the ever increasing amount of top diplomatic meetings and high level conferences are meager. Støre argues that global governance has entered the “age of summit-mania” (Støre 2012b). Summit mania has had us ‘working harder, but not smarter’ in global politics (ibid). The global summits are highly time consuming and expensive. Another problem with summit-mania is that “the process becomes the end, and mere participation becomes a substitute for real problem solving and better global governance” (ibid). One pertinent question is whether our diplomatic toolbox that contains GCD as its main tool is capable of dealing with the new complex reality of collective problems.

1.6 Plan for the thesis

The structure of the thesis is organized as follows:

In **chapter 2** I will give a short outline of the events leading up to the establishment of UNCTAD.

Chapter 3 concerns the theoretical framework and is divided into three parts. Section 3.1 will present the institutional criteria that will be used to evaluate UNCTAD. Section 3.2 will briefly discuss the theories related to GCD and international negotiations. In section 3.3 the

explanatory variables will be introduced. Reflections concerning choice of independent variables will be included, as well tentative conclusions based on the secondary and primary literature review on the independent variables' effect on UNCTAD.

Chapter 4 includes methodological reflections concerning my research process which consists of 4 stages, including preliminary research and participative observation in UNCTAD, literature review, semi-structured elite interviews in Oslo and Geneva, and a final round of expert-interviews. Reliability and validity of my research design will be addressed in section 4.3.

Chapter 5 deals with the main Research Question and attempts to capture whether there *has been a Rise and Fall of UNCTAD*. The chapter first addresses the secondary and primary literature and explores the different phases of UNCTAD, namely phases relating to the rise; *phase (1)* The creation of UNCTAD, *phase (2)* The period of systemic turbulence (1970's) and phases related to the fall; *phase (3)* the second Cold War and global recession (the 1980's), *phase (4)* Global uncertainty (the period from the mid 1980's to the mid 1990's) and *phase (5)* After the mid-1990's. Afterwards information from the elite interviews will be assessed, based on the institutional criteria.

Chapter 6 explains the Rise and Fall of UNCTAD and refers to the independent variables. It also compares the tentative conclusions based on secondary literature with my empirical findings. Three main observations are presented in the summary (section 6.1.5).

Chapter 7 relates to the secondary Research Question: *What does the analysis of UNCTAD tell us about the prospects of success and failure in Global Conference Diplomacy (GCD) in other UN organizations?* This section will speculate and reflect on the potential for generalizations of the main observations and whether UNCTAD's development could have elapsed differently. Thus, a best case and worst-case scenario of GCD in relation to UNCTAD will be presented.

Chapter 8 will look towards the future and speculate as to whether there is a place for UNCTAD in the 'Beyond Aid Era' based on expert interviews.

2 Empirical background

More than 180 global conferences have taken place since the establishment of the United Nations. In the 1970's several global conferences were 'follow up conferences' reviewing past achievements (Gelman 2000:2). The topics of these global conferences varied greatly; the environment, the position of women, world trade, non-proliferation and disarmament. The global conferences cannot be considered to be free-standing events, they are continuing processes. Today many of the high level processes are connected to the UN General Assembly (UNGA). Many of the conferences have a broad focus, for example the Millennium Development Goals summit in 2015.

UNCTAD is one of the conferences that have become an institutionalized conference. The first United Nations Conference on Trade and Development (UNCTAD) was held in Geneva in 1964. "Given the magnitude of the problems at stake and the need to address them, the conference was institutionalized to meet every four years, with intergovernmental bodies meeting between sessions and a permanent secretariat providing the necessary substantive and logistical support" (UNCTAD 2012). UNCTAD is first and foremost meant to be an arena where government representatives meet, exchange experiences and opinions concerning trade and development related issues, which is supported by discussions with experts. Today, the aim of the UNCTAD conferences is consensus building. The high level conferences are the highest decision-making bodies in UNCTAD and GCD is vital in this context where member states discuss policy options and formulate global policy responses (ibid). The quadrennial conferences also set the organization's mandate and establish priorities (ibid). UNCTAD has organized 13 quadrennial conferences. The last meeting was UNCTAD XIII that was held in Doha in 2012.

This chapter will give some background information on the events that led up to the establishment of UNCTAD.

2.1 Events leading up to the creation of UNCTAD

“The pattern of interactions in the past and the particular processes of transformation experienced serve to structure the existing set of relations in the present” (Williams 1991:3).

When studying the history of international organizations one can see how there is an interplay between the organizations and the international context. Institutions are often marked by the context leading up to their creation. The brief historical background provided in this section serves to highlight UNCTAD’s historical roots. These factors have had a great impact for the direction UNCTAD took. This issue will be further explored in chapter 5.

2.1.1 Decolonization

“To one who studies the plight of the common man, UNCTAD marks the end of the colonial age” (Nagenda Singh (1969) cited in Aschim 1995:9)

Decolonization can be defined as the undoing of colonialism. Following World War 2 the process of decolonization increased the representation of LDC in the UN (Williams 1994:181). In 1960, when 17 African states and Cyprus entered the UN, that meant the developing countries had a decisive majority (UNCTAD 2006:3). “Almost overnight, the world was composed not only of many more states, but of new kinds of states” (Righter 1995:99). The revolution of independence gave voice to countries that had a lower level of development than the existing developing countries (i.e. countries in Latin America and Asia). The New African states perceived ‘lack of economic growth’ as one of the most important problems facing their development. The demands for a reform in the international trade system were therefore “infused with new intensity” (Williams 1994:181). Another significant result of the process of decolonization was the creation of the Non-Alignment Movement (NAM) (ibid). The roots of NAM can be traced to the Afro-Asian People’s conference in Bandung, Indonesia in 1955 (ibid). The Bandung conference articulated goals for a cross regional coalition concerning economic development and decolonization (Williams 1994:182). NAM was officially created in Belgrade (1961) as a broad alignment with delegations from Africa, Asia, and Latin America. NAM excluded China and Pakistan to “forge a unity away from the cold war blocks” (ibid).

Through the process of coalition building, the third world countries became increasingly aware of “common problems arising from the underdeveloped nature of their economies and their peripheral location in the global economy” (Williams 1991:17). This commonality of non-alignment and shared problems increased and accentuated their self-identification as the ‘Third World’ (ibid). The third world countries also became aware that in order to change the current system “concerted pressure” against the West was needed (ibid). The third world countries had internal cleavages relating to different political loyalties and interests. However, the international climate was affected by a polarization between the West and the Communist states. The polarized international context therefore had the effect of balancing and uniting the third world countries (ibid).

2.1.2 The Havana conference (1947-1948)

“The Havana charter for an International Trade Organization [...] was the outcome of the deliberations of a preparatory committee and the UN Conference on Trade and Employment, held at Havana, Cuba from 21st of November 1947- 24th of March 1948 and attended by fifty-three states”
(Williams 1991:20).

The Havana conference has often been referred to as the first North-South negotiation (Aschim 1995:12). However, according to Aschim (ibid) this aspect should not be exaggerated. The core issues of the Havana conference were related to western issues, especially the issues that were of concern for the US and the British Commonwealth (ibid). The vertical ties between countries in the North and countries in the South were much stronger than the horizontal ties between the countries in the South (Aschim 1995:13). The LDC as ‘one coalition’ was a concept that would not play a decisive role until the 1960’s (ibid). Williams (1991:21), on the other hand, argued that during the Havana negotiations one could clearly identify the LDC as a specific interest group that had different views compared to the developed countries. Williams argued that the developing countries played an active role in the negotiations on reforming the trading system. The LDC put forward arguments and proposals for specialized treatment within the new institutions (ibid). This included a proposal of the relaxation of trade rules that would enable LDC governments to use protectionist measures to aid their infant industries and therefore promote industrialization and development (ibid). The LDC managed to secure the inclusion of 8 points in the Havana Charter.

The initial Havana charter drafted by the US and Great Britain had been greatly modified (Aschim 1995:12). In the US congress there was strong opposition to give away authority over world trade to an international organization that the US had little control over. In the end, US President Truman decided in 1950 not to submit the charter for congressional ratification, thus signaling the end of the International Trade Organization (ITO) (ibid). Thus, the Havana charter was never ratified and ITO “died an abortive death” (ibid). Williams argued that the demise of ITO left an institutional vacuum in world trade. This was one of the factors that led to the emergence of the third world coalition (Williams 1994:183).

An interim arrangement, Generalized Agreement on Tariffs and Trade (GATT), was signed in 1947 to establish some ground rules in world trade (UNCTAD 2006:4). However, GATT failed to “incorporate provisions dealing with commodity agreements, restrictive business practices, foreign investment and preferential trading systems for the developing countries” (ibid). GATT also used the institutional principle of Most Favored Nation (MFN). MFN implies that countries that are the most affected by the proposals have more to say in the negotiations. Developing countries had therefore a diminished impact in the negotiations as the representatives from the OECD countries accounted for larger market shares and were therefore the most influential participants in the trade negotiations (ibid). MFN implied non-discriminatory multilateralism that treats all countries equal regardless of their stage of development (UNCTAD 2006:12).

Hence, the developing countries stood on the sideline and had little influence on the trade negotiations. The trade negotiations, however, played a great role in affecting the third world countries’ economic situation. E. Spero (cited in Aschim 1995:15) outlined three strategies for how the developing countries could approach this situation: (1) adapt to the system and play by its rules, (2) isolate yourself from the system, (3) attempt to change the system. The western countries hoped that the developing countries would choose the first strategy of adapting. However, the developing countries chose strategy 3. The strategy of attempting to change the system and status quo took place in UNCTAD.

2.1.3 The creation of UNCTAD and its context

For many of the new states entering the UN, economic independence was just as important as political independence (Aschim 1995:16). Unfortunately, many of the tools the South wished to use to gain its economic independence were opposed by existing institutions and rules (ibid). After intense debates in 1962 in the UNGA and in the UN Economic and Social Council (ECOSOC), the UNGA decided to convene a conference on trade and development. The result was a “triumph for Third World pressure over Western opposition” (Williams 1994:183). Williams (1994:183) argues that Western states gave up their opposition because of two factors: (1) The US and its allies perceived that the Soviet Union was interested in creating a conference, thus the US could “not afford to let the developing countries and the communist block form an organization without them”. (2) The growing third world had a winning majority in the UN. This left the US and its allies with no choice. In other words, “UNCTAD was created by the developing countries with the grudging acceptance of the developed world” (ibid).

3 Theory

This chapter has two objectives. The chapter will first explain and present the specified criteria that will be utilized to evaluate whether there has been a rise and fall of UNCTAD. The choice of criteria was based on a thorough review of the secondary and primary literature in this field. Secondly, this chapter will identify possible drivers that may have either positive or negative effect on the development of UNCTAD.

3.1 Criteria for assessing UNCTAD

There are several ways to evaluate an organization. Different frameworks have been developed in order for donor agencies to map the effectiveness and performance of Intergovernmental Organizations (IGOs). One framework is the “Multilateral Organizations Performance Assessment Network” (MOPAN) that conducts annual surveys based on the member countries’ delegations’ perceptions of the organization (CIDA 2009). The UK’s agency DFID (Department For International Aid) has developed its own approach, Multilateral Aid Review (MAR) (DFID 2012).

There were many relevant criteria when choosing a theoretical framework for my thesis. I have chosen a framework that is meant to be especially suited to evaluate UNCTAD. Elements from institutional theory have been chosen to serve as a standard on which one can compare UNCTAD’s level of success/failure as an intergovernmental forum. A common and traditional view of what organizations are supposed to do in order to be successful is to produce “collective and coordinated action” (Brunsson 2006:2). Brunsson introduces two ideal types of organizations, the “action organization” and the “political organization”. “The political organization *raison d’être* and the basis for its legitimacy lie in its ability not to produce actions, but to reflect inconsistencies in the environment” (Bergesen and Lunde 1999:1-3). UNCTAD is an example of a political organization (ibid). Bergesen and Lunde (ibid) argue that Brunsson’s general framework can be used on IGOs. UNCTAD would be classified as a political organization where “the typical output from a political organization is talk, decisions and only occasionally tangible results” (ibid).

UNCTAD's main functions have changed over time, but are today based on three pillars stated in the Accra Accord: (a) A forum for intergovernmental deliberations and consensus-building; (b) A think tank for research and analysis on key and emerging development issues; (c) A demand-driven provider of tailored technical assistance to respond to the needs of developing countries and countries with economies in transition in implementing development strategies (Ortiz 2012).

This thesis will only focus on the first pillar of UNCTAD, i.e. being an intergovernmental forum. UNCTAD has functioned as a forum for the North and the South since its establishment. The purpose of the forum has changed over time; the reasons for this will be further discussed in the analysis. However, it can be argued that UNCTAD has always been a political and not an operative organization. In order to assess to what extent UNCTAD has succeeded one needs to look at the different functions a political organization is supposed to have. This thesis has chosen three criteria from Bergesen and Lunde's framework that are the most relevant variables for UNCTAD as a forum. The three criteria include (1) agenda setting (2) promoting a common understanding (3) giving policy advice. Bergesen and Lunde (1999:4) also mentioned standard setting and monitoring. After a consultation with one of the authors, Leiv Lunde, it became clear that standard setting and monitoring were more related to organizations that attempted to set norms concerning human rights and climate and were therefore not relevant for UNCTAD. Hence, these functions are not included in my analysis. Bergesen and Lunde also mentioned the functions of financing and managing operations. These functions are specific to an action organization that is operative in nature, which is very different compared to UNCTAD.

Before assessing UNCTAD as an intergovernmental forum, the institutional criteria will be presented in more detail.

3.1.1 Agenda setting

Agenda setting can be defined as "a process by which demands by various actors at different levels are translated into items vying for the attention of policymaking organs" (Bergesen and Lunde 1999:4). Often one can have an "organizational salesperson" for a certain ideological perspective that the IGO is trying to invoke on policymaking agencies. UNCTAD's

first SG, Raul Prebisch, is a good example of a “salesperson” representing a new, innovative ideology (Cox 1994:102). Agenda setting includes the discussion and bargaining between competing perceptions of the issues. In other words, “formulating an agenda is a question of which items to include (and to exclude), how they are to be presented and where to handle them” (Bergesen and Lunde 1999:5).

Thus, the task of a political organization is “primarily to serve as the formal forum where the tug-of-war over agenda setting takes place” (ibid). However, the IGO secretariat may also have an opportunity to influence both the selection and framing of issues. Examples where this is relevant are when “the UN decides to convene a world conference on a set of issues that has no clearly defined place on the international agenda” (ibid).

Agenda setting is also mentioned in the GCD literature. One has often considered that the use of GCD is effective in “setting political agendas and focusing governments and stakeholders’ attention worldwide” (Underdal 2012:6).

The GCD process can be divided into different phases (Rittberger 1983:174-181). One could therefore argue that the function of agenda setting often happens in stage (1) in Rittberger’s general GCD procedure. When initiating a conference project the organization’s secretariat facilitates exploratory talk with governments. This is to determine whether there exists a widely shared view that there should be diplomatic efforts to address this topic. These exploratory talks trigger the national government to find one united national position on a certain topic. This includes gathering the relevant stakeholders from the civil society, private sector and relevant units from different state departments. This exercise in itself is useful as one becomes aware of the topic and it sets the agenda (ibid). There is also a necessary step before one can negotiate solutions. One example was UNCTAD I in 1964 where the Norwegian position paper on questions relating to the shipping industry was highly influenced by a strong lobby in Norway during the first stage in the GCD process. The Norwegian Shipowners’ Association (Norsk Rederiforbund) was an affected actor and had a strong interest in protecting the Norwegian shipping industry (Aschim 1995:2).

3.1.2 Promoting understanding

The secretariat and leader in political organizations are supposed to organize and facilitate discussions where the nature and scope of a certain problem needs to be 'solved'. There needs to be agreement regarding the cause and effect relationships in the problems addressed. Bergesen and Lunde (1999:6) argue that "contending perceptions for framing the issues thrives under such circumstances" and that "various actors may hold conflicting views, sometimes reinforced by real scientific uncertainty" (ibid).

There are barriers to pursuing a joint understanding. The barriers can be "concrete and material". A material barrier may be in purely economic terms where a certain understanding of a problem will ultimately lead to winners and losers. However, the barriers will also be related to values and ideological cleavages. Thus, in this stage the organization is supposed to play a role as a forum for discussion and the secretariat and leader are meant to supply factual foundation for the debate (ibid:5-7).

The tool of GCD has often proved effective in "providing an institutional framework for building consensual scientific-based knowledge" and to provide "arenas for learning about effective policies and good practices" (Underdal 2012:6).

The function of 'promoting a common understanding' relates to stage (2) in the GCD process (Rittberger 1983:174-181). It is in this process that the organization's secretariat may play an important role in conducting analytical groundwork that is distributed in good time so that each country can form pre-negotiation postures based on the same base of informational material. Consequently, one has therefore a common foundation of knowledge that the positions may be built upon.

Promoting a common understanding is a function that also is exercised in stage (3) of the GCD process, which entails the actual conference. During the negotiations one has to be able to negotiate one's own position as well as understand the position of the other countries (ibid).

3.1.3 Policy advice

“[...] governments can reach agreement not only on appropriate standards in legal terms, but also guidelines that should be taken into account by the states and other stakeholders” (Bergesen and Lunde 1999:8). In other words, the IGO can and should “translate the normative principles into action at the nation level” (ibid). In order to propose recommendations for government policy the IGO needs to possess expertise and have sufficient legitimacy (ibid). This happens in stage (4) of the GCD process, the implementation of conference outcome(s) including review and appraisal (Rittberger 1983: 174-181).

These specified criteria may explain why an intergovernmental forum, like UNCTAD, can achieve success and failure. However, the more general question is to understand and capture the drivers that may determine success and failure in GCD. The next section will shed light on some of these drivers.

3.2 Theories relating to International Negotiations

Conference diplomacy is not a new phenomenon (Gelman 2000:1). The Peace of Westphalia in 1648 was an example of “international” conference diplomacy, followed by the Congress of Vienna in 1815, which opened ‘the age of consultation’ between countries (ibid). In other words, countries would consult each other when facing collective problems and attempt to reach an agreement. However, these conferences had a limited and specific mandate that is very different from many of the conferences we are witnessing today. The conferences today often “lack clear mandates and transparent decision-making processes necessary to effectively address the issues they are designed to resolve” (Støre 2012a). Until the middle of the late 19th century conference diplomacy became standardized, set precedents and “created many procedural innovations still found in global conference diplomacy today” (Gelman 2000:1).

Even though GCD is a widespread diplomatic tool, little research has been done on this topic (ibid). In international negotiations there are different variables that capture the group dynamics and strategies that governments use when attempting to get their propositions through.

There have been scholars, like Gelman (2000), who have examined the role of conference diplomacy by using the main IR schools, Neo-Realism, Neo-Liberalism and Constructivism. In this thesis it seems more fruitful to use theoretical tools that are closer and more specialized on the topic that I want to examine.

3.3 Operationalization of independent variables

This thesis had to restrict itself to four independent variables chosen from literature dealing with global conference diplomacy and more generally international negotiations. *Power* is an essential variable in negotiations because it permeates all steps of the negotiation process, thus it had to be included. *Problem malignancy* is another concept which brings “value added” in the analysis. The concept manages to capture the link between specific characteristics of the problem to the characteristics of actors that are attempting to solve it. *Institutional capacity*, on the other hand, puts focus on the more formalized rules within the institution that shape the space in which negotiations take place. These formalized rules may also lead to specific diplomatic strategies or influence the dynamic in the negotiations. All the above mentioned variables (problem malignancy, institutional capacity and power) are based on Underdal’s core model that explores “why some efforts at developing and implementing joint solutions to international problems succeed while others fail” (Underdal 2002:37). One can argue that Underdal’s core model is based on soft rationalism.

The variable of *consensual knowledge* is taken from Rothstein (1984). Rothstein introduced and explored this variable when analyzing the UNCTAD commodity negotiations from 1974-1979. This period included two conferences: UNCTAD IV 1976 in Nairobi and UNCTAD V in 1979, Manila. According to Rothstein, lack of consensual knowledge is a key variable in the understanding of why the commodity negotiations in UNCTAD failed.

All these variables emphasize different parts of the reality. Using all four variables will aid the thesis in capturing and understanding the most decisive drivers that influenced the dynamic in the North-South negotiations in UNCTAD. For each independent variable a tentative conclusion based on the secondary literature review will be presented.

3.3.1 Consensual knowledge X₁

Rothstein (1984:736) uses Ernst Haas' definition of consensual knowledge. Consensual knowledge is defined as "a body of beliefs about cause-effect and ends-means relationships among variables (activities, aspirations, values and demands) that is widely accepted by the relevant actors, irrespective of the absolute or final 'truth' of these beliefs" (ibid). Thus in global negotiations one needs to have a set of beliefs that the most relevant actors can agree upon. In UNCTAD the relevant actors would be the coalition of G77 and the B-group (developed countries).

Rothstein argues that even though the explanatory variable of "consensual knowledge" is in most cases likely to be a weak, it still can have influence in a setting where "force is inappropriate, power is fragmented and uncertainty is great" (Rothstein 1984:761). Rothstein (1984) argues that this description fits well in to the context of commodity negotiations in UNCTAD. Thus, power and self-interest that are often seen as dominant factors in world politics must be reinterpreted in this setting.

The organization's secretariat may play an important role with regard to supplying information in the negotiations, but the member countries involved must also be willing to learn and be influenced by the information provided. Rothstein (1984:736) defines learning as "the ability and willingness on the part of the relevant actors to incorporate consensual knowledge into the definition of interests that motivate international behavior". As noted earlier there are barriers to learning. Rothstein (1984:737) argues that in large coalitions with great diversity in interests and perspectives, there is limited capacity to create real consensus, which makes it harder to be influenced by the new information provided. In other words, "the capacity to build genuine consensus (that is, something more than rhetorical support for grand principles) is limited" (ibid). Thus, consensus in G77 is "likely to be established around a few abstract symbols that become institutionalized and hence resistant to change or compromise" (ibid).

In the secondary literature there seems to be disagreement about the role of consensual knowledge in the negotiations during UNCTAD's rise (Rothstein 1984 versus Righter 1995). Rothstein (1984) argues that the reason why the negotiations during UNCTAD's rise failed

was because of lack of consensual knowledge. Some of the factors creating difficulties in providing a foundation of consensual knowledge were (1) structural conditions related to the GCD process (structure of the bargaining process; the group structure and the actors involved), (2) complex problems and uncertainty of knowledge which became politicized and backstopped with in-house research. Therefore in a setting with uncertainty and fragmented power, consensual knowledge plays a major role in explaining the failure of achieving consensus and concrete results. On the other hand, Righter (1995) argues that the posture of confrontation was more important for the G77 than any concrete gains that might accrue from compromise or agreement. Thus, a lack of consensual knowledge is, according to Righter, not a decisive factor in explaining the failure of the negotiations during UNCTAD's rise.

*The **tentative conclusion** based on secondary literature is that a lack of consensual knowledge was one of many factors that led to the failure of negotiations of UNCTAD. How important consensual knowledge was in the rise and fall of UNCTAD is difficult to determine as the secondary literature has conflicting views.*

3.3.2 Problem Malignancy X₂

There is no question that some problems are harder to solve than others. UNCTAD has, since its establishment, attempted to solve global questions relating to structure of the international economic order. Many respondents argued that in the 1980's negotiations in UNCTAD became more "inward-looking" and focused only on UNCTAD's own mandate. A variable that focused on the character of the problem that UNCTAD is trying to solve was needed.

According to Underdal (2002:17-19) problem malignancy (X₂) is a "function of *incongruity*, *asymmetry*, and *cumulative cleavages*". Incongruity refers to problems where "cost-benefit calculus of individual actors is systematically biased in favor of either the costs or the benefits of a particular course of action" (ibid). Incongruity can be caused by competition and externalities (ibid). Asymmetry refers to the actors' values which are "incompatible or their interests are negatively correlated" (ibid). Finally, cumulative cleavages are often an additional source of complications. Cumulative cleavages are defined as "to the extent

parties find themselves in the same situation on all dimensions or issues, so that those who stand to win (or lose) on one dimension also comes out as winners (or losers) on the other dimensions as well” (Underdal 2002:20). Thus, these three elements are determining the malignancy of the problem that the organization is trying to solve.

According to Young’s institutional diagnostic tool one would assume that the character of the problem that UNCTAD is trying to solve is not one of coordination, but collaboration (Young 2006:122). Another aspect is that the problems UNCTAD is trying to solve are problems that will affect other institutional settings. It is clear that UNCTAD’s mandate concerning trade overlaps with World Trade Organization (WTO).

The implication of this is that the problem solving capacity, i.e. the capacity for an organization to do something, will have to be matched with the notions of problem type and task (Underdal 2002:15).

*A **tentative conclusion** based on the secondary literature review is that problem malignancy has been a consistent feature of UNCTAD’s rise and fall. Yet, the malignancy has changed character during its rise and fall. During its rise the malignancy was related to the trade and development issues negotiated, while during UNCTAD’s fall it seemed like the malignancy was concerning disagreement about UNCTAD’s mandate.*

3.3.3 Institutional Capacity X₃

An organization’s institutional capacity is a function of the “the institutional setting (i.e. the rules of the game), the distribution of power among the actors involved, the skill and energy available for the political engineering of cooperative solutions” (Underdal 2002:23). Institutional settings refer to institutions as *arenas* and as *actors*. Most UN-arenas share similar traits in relation to rule of access, decision rules and rules of procedure.

This thesis will mostly focus on UNCTAD as an arena and therefore focus on the decision rule, as it is the most important determinant of institutional capacity to aggregate actor preferences into collective decisions (Underdal 2002:25). Decision rules are meant to “stipulate conditions that must be met in order to arrive at valid collective decisions or social choices relating to issues falling within the competence of specific institutional

arrangements” (Breitmeier et al 2006:114⁵). In most UN organizations the decision rule is consensus. Consensus is the most demanding decision rule there is after unanimity, which often can lead to the *law of the least ambitious program* (Underdal 2002:25, see Underdal 1980).

However, the decision rule is only one procedural element in the broader GCD process. The GCD process in UNCTAD is similar to other global conferences and organizations. As mentioned earlier the GCD process can be divided into different phases (Rittberger 1983:174-181). Stage (1) is the initiation of a conference project. Stage (2) involves the preparatory work for holding the conference. Stage (3) is the actual conference; conference negotiations for decision-making. This stage consists of intense negotiations between coalitions of countries that have instructions from their capitals. States are the main players, but the secretariat and sometimes NGOs can act as brokers and go between the coalitions to find possibilities for the creation of compromises. Stage (4) is the implementation of conference outcome(s) including review and appraisal (ibid).

These elements are general to most global conferences. When delving deeper into the actual conference (step 3), the negotiation process in UNCTAD is characterized by a negotiation group structure, which is based on formal and informal features. The group structure has changed after the Cold War. The main negotiation groups are therefore the G77 and the B-group, which is divided into the EU-group and the JUSSCANNZ group. Normally one would have one group coordinator that will lead each negotiation group. This person will have the responsibility of convening small meetings before all the groups meet in the negotiations. In these meetings a common position within the coalitions will be hammered out. After this, in the actual negotiation, the coalitions will negotiate the wording in the working document line-by-line. The working document is projected on a big screen in the negotiation room. Sometimes it can end up with working documents where the negotiations are on a word-by-word level. This can be a rather time consuming and exhaustive exercise. However, often the process in itself is considered to be one of the goals as it raises awareness and thus increases competence in the specific issues that are dealt with.

5 For a detailed discussion concerning decision rules, regime effectiveness and current practice see Breitmeier et al. 2006.

I have now focused on the *formal* procedural elements of GCD. However, there is another more fluid element within the institutional framework of GCD that influences the behavior of the actors, the outcome and process. For example, one respondent argued that “*When you are negotiating in a global climate where there is already a certain disappointment and uncertainty over the lack of advances you can see how the tensions are being magnified*” (UNCTAD staff, former lead negotiator of G77, Respondent I). Thus one must have in mind that the general atmosphere at these conferences has a major influence and has changed over the years. In UNCTAD’s rise, the global conferences began with a clean slate; there were no disappointments just a strong belief in GCD. When few concrete results were achieved, the general atmosphere was influenced by the sentiment of disappointment in the GCD method.

GCD and the development of an organization can be viewed as an evolutionary process. In the words of Cox and Jacobsen (1973:7) “Since established, organizations take on a life of their own and develop their own inner dynamics”. Conferences and organizations are formed by a sequence of connected events; it is not something that is controllable by a leader. SG Raul Prebisch wanted to use UNCTAD as an instrument to promote the interests of G77. However, when he realized that UNCTAD had only become a “forum” and not a powerful instrument, he stepped down as a SG for UNCTAD (Love 2001:13). Maybe he noted how institutions do not follow an intended course of action. Path dependency is a concept that may explain why some organizations develop the way they do (Christensen et al. 2010). Path dependency underlines the importance of historical roots.

A tentative conclusion based on the literature review is that UNCTAD’s Achilles heel has been the biased secretariat. During its rise UNCTAD had a strong secretariat that functioned as an actor (i.e. a pressure group of the G77) that fuelled the political energy behind the rise. The decision rule of majority voting favored the G77. However, during UNCTAD’s fall the role of the biased secretariat was pressured to reform and change character.

3.3.4 Power X₄

Power can be defined in various ways. Gilpin (1981) describes the concept of power as “one of the most troublesome in the field of international relations” (cited in Baldwin 2002). Bell et al (1969) argue that the concept of power to the political scientist “is vague and ultimately tautological, and its use in political analysis poses epistemological difficulties of definitions and operationalization” (cited in Zartman and Rubin 2002:6). Nevertheless, when delving into the inner dynamics of global negotiations the concept of power must be included.

There are two different schools of thought in relation to the connection of power in international negotiations (Zartman and Rubin 2002:4). One school of thought argues “the very act of negotiating has the real effect of leveling the playing field, producing at least rough symmetry” (ibid). This means that the initial power differences between countries dissolve as one “needs the other’s assent and is blocked by the other’s veto” (ibid). Consequently, negotiations reconcile and mediate a prior power distribution. The dominant school of thought argues that differences in power do make a difference in negotiations. Powerful parties can obtain the results to their liking by controlling the negotiation process. Thus, “negotiations only confirm a given power distribution” (ibid). In order to capture the prior power distribution this thesis will differentiate between (1) power in the basic game (i.e. power in the system of activities) and (2) power within the organization’s negotiation arena, decision game (numerical power/winning coalition). This is an important distinction as UNCTAD’s purpose and goal was to let the poor, yet numerous developing countries be successful in “mobilizing the majorities required to win contested decisions” in the UN organizations (Keohane and Underdal 2011:55). However, even though G77 had a winning coalition in different UN organizations it was much weaker when it came to “power in basic games of international trade and finance” (ibid).

This thesis will employ multiple conceptions of power to capture different forms of power prevalent in GCD process (Barnett and Duvall 2005:39). Power will be examined with theoretical tools that stem from two grand theories, namely Realism and Constructivism. This is a fruitful departing point to understand how power works and to capture the rise and fall of UNCTAD.

Coleman's narrow definition of power as "control over important events" (cited in Underdal 2002:29) can be argued to be a *realist* conception of power (this is termed 'compulsory power' by Barnett and Duvall 2005:40). According to Underdal (2002), one may distinguish two faces of power, i.e. (1) Control over events that are important to oneself; this provides autonomy for the actor. (2) Control over events that may be important to others; this can provide an actor the power to impose its will on the others. The combination of the two faces of power can be viewed as "hegemony" (Underdal 2002). Power can be a variable to "bypass or break aggregation deadlock" (ibid). Coleman's definition is included to capture power in the basic game and how this may influence the other variables (for example institutional capacity).

This thesis will also draw on findings from Krasner (1981), who is characterized as a neo-realist. He used the concept of *meta-political power* in his article to capture how the G77 attempted through the demands of NIEO to 'alter the rules of the game' to suit their *interests*. Krasner underlines that the G77 was guided by interest and this caused the rise of the remarkable protest-organization UNCTAD.

Nevertheless, I will argue that one needs an additional theoretical tool to capture that there was something more than just *interests* that shaped the G77's unity and the rise of UNCTAD. Barnett and Duvall (2005) introduces four conceptualizations of power that are "meant to provide a distinct answer to the question in what respects are actors able to determine their own fate, and how is that ability limited or enhanced through social relations with others" (Barnett and Duvall 2005:43). This is a recent and ambitious article attempting to create a conceptual framework that includes concepts of power from different grand theories. The four conceptualizations are: (1) *Compulsory power* (realist perception of power), (2) *Institutional power* ('the control actors exercise indirectly over others through diffuse relations of interactions'), (3) *structural power* (in line with Marxism and Critical theory; the constitution of subjects' capacities in direct structural relations to one another) and finally (4) *productive power* which is defined as "the socially diffuse production of subjectivity in systems of meaning and significance" (ibid). All these conceptualizations may have been relevant to this thesis. For example, *institutional power* illustrates how the powerful actors manage to shape institutions and the decision procedures (which was the case in UNCTAD).

It was through the idea of *Structural power* that Prebisch was able to explain and frame the NIEO agenda and ideological belief system the G77 was built upon.

However, this thesis will only focus on one of the Barnett and Duvall's concepts, namely *productive power*. After the secondary literature review I believe this is the concept from Barnett and Duvall that may capture the rise and fall of UNCTAD. Barnett and Duvall (2005:39) argue that "power is the production, in and through social relations, of effects that shape the capacities of actors to determine their own circumstances and fate". *Productive power* concerns how one views and perceives one's own 'self' and 'identity' in relation to others within a "system of significance and meaning". The identity of an actor is not only shaped by the "other", but also by what one 'might have become' in the social world. This perception is formed by the existing social and historical understandings, meanings and norms that influence an actor's choice of action (ibid: 56). Productive power underlines the complexity in international negotiations, the unintentionality of actions that are shaped by how other actors perceive this action. This conception also explains how there is not only one outcome.

The main players in the UNCTAD negotiations are nation states that have aligned themselves in coalitions with other nation states. Yet, it must be recognized that there are important actors on each level of the negotiation process. The nation state may have contradictory motivations and interests based on lobby groups within the state (cf. the Norwegian Ship-owners' Association which influenced the Norwegian position paper in the negotiations in UNCTAD I). Fractions and contradictory motivations are certainly the case within coalitions that contain countries that are heterogeneous and have different interests.

A tentative conclusion based on secondary literature is that one must focus on power in the basic game and how it relates to the power in a decision game. During the rise actors believed that one could change features in the basic game through the decision game. I believe productive power can explain this strong belief in the GCD process. Later, one observed how this did not work in practice, which again showed the relevance and strength of the realist perception of power.

4 Method

“Social Science at its best is a creative process of insight and discovery taking place within a well-established structure of scientific inquiry” (King, Keohane and Verba 1994:12)

In the following section the research process of this thesis will be presented. The reasons for the choice of the research design will also be outlined. My research methods included semi-structured elite interviews, participative observation and a review of secondary and primary literature. It will be argued that the research design and research methods that have been chosen are the most appropriate tools to address the questions raised in this thesis.

The main focus in this chapter will be on the research methods in relation to the main Research Question: *How can one understand UNCTAD’s development over time, more precisely the ‘Rise’ and ‘Fall’ of UNCTAD?* Section 4.3 will address challenges related to the secondary Research Question: *What does the analysis of UNCTAD tell us about the prospects of success and failure in Global Conference Diplomacy (GCD) in other UN organizations?*

4.1 The importance of the research method

The scientific method is an important part of all scientific work. In my research I have tried to adopt the criteria developed by Keohane, Verba and King (from now on KKV) that characterize ‘Good’ scientific research⁶. This thesis has made inferences on the basis of empirical information collected and has attempted to “infer beyond the immediate data to something broader that is not directly observed” (KKV 1994:8). Throughout the research process the thesis has attempted to be explicit concerning the methodological procedure so that the limitations and possible weaknesses in the research process can be understood by others. Throughout the process I have also been aware that “uncertainty is a central aspect of all research and all knowledge about the world” (KKV 1994:9). This has been very relevant as the different actors interviewed have different views or narratives of the world. This does not mean that some of the perceptions are wrong, but that that actors tend to see “what they want to see” through their ideological point of view. Finally, the thesis has attempted to

6 The four characteristics for good research are (1) The goal is inference (2) the procedures are public (3) conclusions are uncertain and (4) the content is the method (KKV 1994:7-9)

arrive at “inferences that are consistent with rules of science” with the information at my disposal (KKV 1994:9). The scientific method is a key factor in determining the quality of the thesis findings, results and conclusions. Thus, as a ‘critical social scientist’ one needs to critically assess one’s own research design (KKV 1994:32).

4.2 The research process

The thesis analyzed the empirical findings through a chosen theoretical framework. The research process was divided into four stages (see figure 2). By organizing this chapter in accordance with the stages in the research process it becomes more transparent and easier to follow.

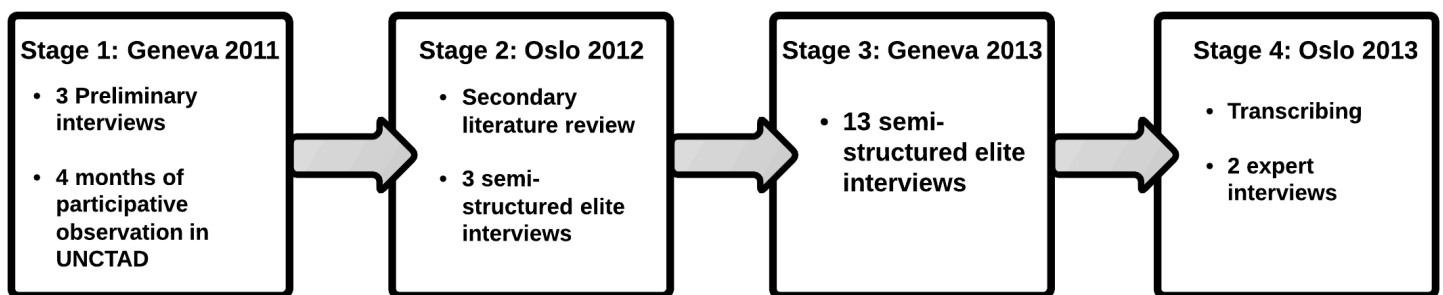


Figure 1: The Research Process

Stage 1: Preliminary interviews and participative observation (Geneva 2011)

The reason why I chose to focus on UNCTAD was because of my experience as an intern at the Permanent Mission of Norway to the UN in Geneva (from January to July 2011). UNCTAD was one of many organizations that I had to participate in covering. My supervisor at the Mission suggested to me in March 2011 that I should write about UNCTAD for my Master’s thesis. Thus, I had four months at the Mission during which time I knew I was going to write about UNCTAD

During my stay, preliminary research was conducted (see stage 1 in the diagram). Three initial interviews were executed and four months were used to first-hand study the formal proceedings in UNCTAD, as well as catch the ‘informal talk’ among the diplomats. I had access to documents concerning UNCTAD at the Norwegian delegation. Through a mapping

exercise, diplomats who had covered UNCTAD were identified and were contacted for interviews; later they would give me new names and people to interview, i.e. the snowballing method. This approach was in line with Tansey (2007)⁷. This is termed “purposive sampling” where the “researcher samples on the basis of wanting to interview people who are relevant for the research questions” (Bryman 2004:334). This is a non-random sample, which may have led to a skewed sample of respondents. However, this thesis managed to get respondents from the main groups in UNCTAD (see figure 3).

KKV (1994:15) outlines two criteria which a scientific research question should satisfy: (1) “a research project should pose a question that is “important” in the real world” and (2) “A research project should make a specific contribution to an identifiable scholarly literature by increasing our collective ability to construct verified scientific explanations of some aspect of the world” (ibid). I constructed a research question that attempts to scientifically explain the challenges UNCTAD is facing. This topic concerns many people, as global conference diplomacy is our main tool in addressing global problems. The research question contributes to the GCD scholarly literature by using well-known theoretical variables on a case, UNCTAD, which has not been properly examined for the last 20-30 years. Thus, I believe my research questions satisfy KKV’s criteria for a good research question.

My preliminary research in stage 1 served as a good empirical foundation on which I could build my further research process.

Stage 2: Literature review and interviews (Oslo 2012)

The second stage consisted of a thorough review of secondary and primary literature, choosing my research design and conducting elite-interviews. A research design can be defined as “a plan that shows, through a discussion of our model and data, how we expect to use evidence to make inferences” (KKV 1994:118, see Yin 2009:19). This thesis had a qualitative, intensive research design (Hellevik 2002: 95-96). The research design focuses on the depth of the information provided by each respondent and enables the researcher to use the detailed knowledge to view the respondent

⁷ Tansey (2007: 14-15) argued that the most decisive step is to identify the most relevant actors and not necessarily have the largest selection of respondents.

in a broader context (Hellevik 2002:95-96). On the basis of relevant theoretical variables, this thesis deducts expectations of how my explanatory factors may have an impact on my dependent variable⁸. This thesis used UNCTAD as a case study and conducted a “detailed examination of an aspect of a historical episode to develop or test historical explanations that may be generalizable to other events” (George and Bennett 2005:5). In section 7.0 the lessons learnt in UNCTAD will be generalized to other similar UN-organization. According to Lund (2002:108) case studies usually scores high on internal validity. Lund (ibid) defines internal validity as whether one can identify a justifiable and tenable inference concerning the relationship between variables and whether there is a causal relationship.

A criticism which is often voiced in relation to the case-study approach is the problem of representativeness (Gerring 2007). Some would argue that since the case was not “randomly picked” and not “representative” of the rest of the UN organizations, one cannot generalize to a broader universe. Yin (2009) resolves this issue by stating that one should see case studies as a source of ‘analytical generalizations’ rather than more quantitative ‘statistical’ generalizations. This type of analytical generalization implies one can draw inferences to a broader universe of theoretical and conceptually defined cases. GCD in UNCTAD, in this sense, could be seen as having a set of general characteristics that may be generalized to other similar organizations that use the same approach. Yet there are also specific characteristics in relation to the institutional context of UNCTAD in which GCD takes place that define the scope for analytical generalization. Section 7.0 will reflect on the potential of analytical generalizations, which could be taken forward in further research on the prospects of using GCD to solve collective problems.

This thesis will not be able refute the theoretical perspectives presented in section 3.0, yet the analysis may serve to strengthen or weaken some of the theoretical perspectives presented. Thus it may serve to “refine and nuance our understanding” of the theoretical perspectives (George and Bennett 2005:115).

The positive aspects of using a case study is because it is a versatile research design with

⁸ This approach is called a *deductive theoretical approach* (Hellevik 2002:74)

which one can easily include other types of methods (Gerring 2005:33). It will also enable me to achieve a good understanding of actors' intentions, motivations and interpretation that lie behind their choice of action.

Literature review

During stage 2 a thorough review of the information that had been written on UNCTAD as well as theoretical papers on negotiations and global conference diplomacy was conducted. My supervisor, Professor Arild Underdal, who was contacted in 2011, had provided me with relevant theoretical papers. When I had managed to find the most important and referenced literature in the field on UNCTAD, ranging from the old classics (Cox and Jackobsen 1973) to 'newer' books (Williams 1991 and 1994, Bergesen and Lunde 2000), a more narrow focus was applied. It also became clear that little research had been done on UNCTAD for the past few years. I therefore wanted to fill this knowledge gap on UNCTAD by gathering primary data. Perspectives from UNCTAD's own production of information were used. Thus, the different phases of UNCTAD were provided from UNCTAD's own history document "A brief history of UNCTAD". Throughout the literature study I attempted to critically analyze the documents and theories, as most documents "have an intended purpose" and are not "neutral" (Cox 2010, George and Bennett 2005:199). In order to secure the reliability of the literature review, data triangulation as well as cross-referencing was applied. Reliability concerns the accuracy and thoroughness in which the data are collected (Hellevik 2002).

Semi-structured interviews and constructing interview guides

The interviews conducted were semi-structured. Bryman (2004:321) defines semi-structured interviews as a flexible process where the researcher follows an interview guide, but can ask follow-up questions and pursue topics that may be of particular interest to the respondents. The respondents "have a great deal of leeway in how to reply" (ibid). When creating the interview guide a couple of months were used to read and obtain knowledge on global conference diplomacy before elements were plotted into the interview guide. For each of my interview objects I attempted to find plausible ways of understanding the questions and how they would be answered. Pilot interviews were conducted on persons who knew the topic in order to see how much time was spent and whether any of the questions were

unclear. When conducting elite interviews in Oslo I was concerned that the interview objects had forgotten the UNCTAD negotiations. This challenge was overcome by sending some of my questions in advance of the interview, so that the respondent could get time to remember details before the interview.

Conducting elite interviews can be argued to be quite demanding as the respondents often can take charge and try to define the situation. The interviews were in that sense asymmetric in nature as the respondents were highly knowledgeable on the topic. Therefore a flexible research strategy with open-ended questions seemed appropriate.

The interview guide was cumulative in nature. In other words, the more information obtained on a certain topic, the easier it was to reduce the scope of the questions. The interview guide in stage 2 incorporated the insights gained earlier from the respondents in Norway. This helped me understand and frame the questions better in stage 3 in Geneva.

The choice of elite interviews and information concerning the respondents

The reason why elite interviews were chosen was because (1) the UN diplomats and people working for UNCTAD can be considered to be *key respondents* that have extra knowledge and familiarity with the topic (Andersen 2006:279). Through these interviews one could confirm information from other sources, for example triangulation of my data that increases validity⁹ and reliability of my findings.

The other reason (2) was to capture how the key respondents viewed UNCTAD differently (see figure 3). Some respondents had insightful observations as they had experience from sitting at different sides of the table (working as delegates, and then later as being employed in UNCTAD). One example of different views was based on my participative observation in 2011 where I thought the head of G77 seemed confrontational and not cooperative. During interviews the previous heads of G77 explained why they had to take such a strong position in plenary; *they had to show all the 136 member countries of the G77 that they were fighting for their interests*. These insights made me understand the difficulties one is facing in large

⁹ A definition of **validity** which is relevant for qualitative study is «*whether a variable measure what it is supposed to measure*» (Bollen cited in Adcock and Collier 2001:530). There are different validity terms proposed by Adcock and Collier (2001:529), KKV (1994:25), Cook and Campbell (1979 cited in Lund 2002:105).

negotiations and how one as a researcher can easily make judgments that do not capture the whole story.

(3) Elite interviews can also help in reconstructing an incident, like a conference (Checkel 2008) and reveal what a certain group think. In this thesis it would be how the diplomats in UNCTAD negotiations think. For example, through my fieldwork I found out how one managed to create consensus in one of the most controversial UNCTAD negotiations, namely UNCTAD XIII. One respondent was able to help me reconstruct the proceedings of the conference; he explained how some of the main member countries disappeared from plenary and did a trade-off. Further details will be presented in the analysis.

Stage 3: Fieldwork in Geneva (2013)

Before travelling to Geneva in January 2013 the respondents had been contacted several weeks ahead and meetings were scheduled. Respondents came from different groupings. Interviews were conducted with respondents from the coalitions (G77 and B-group), independent experts (South Centre, International Institute of Sustainable Development), respondents from UNCTAD secretariat dealing with the negotiations, and finally respondents working with the other pillars of UNCTAD.

For the different groups the interview guide was adjusted and suited to the respondents' positions and based on the specific type information I believed they would be able to provide. By adjusting the interview guide one was more able to capture the nuances and the different positions in my empirical material.

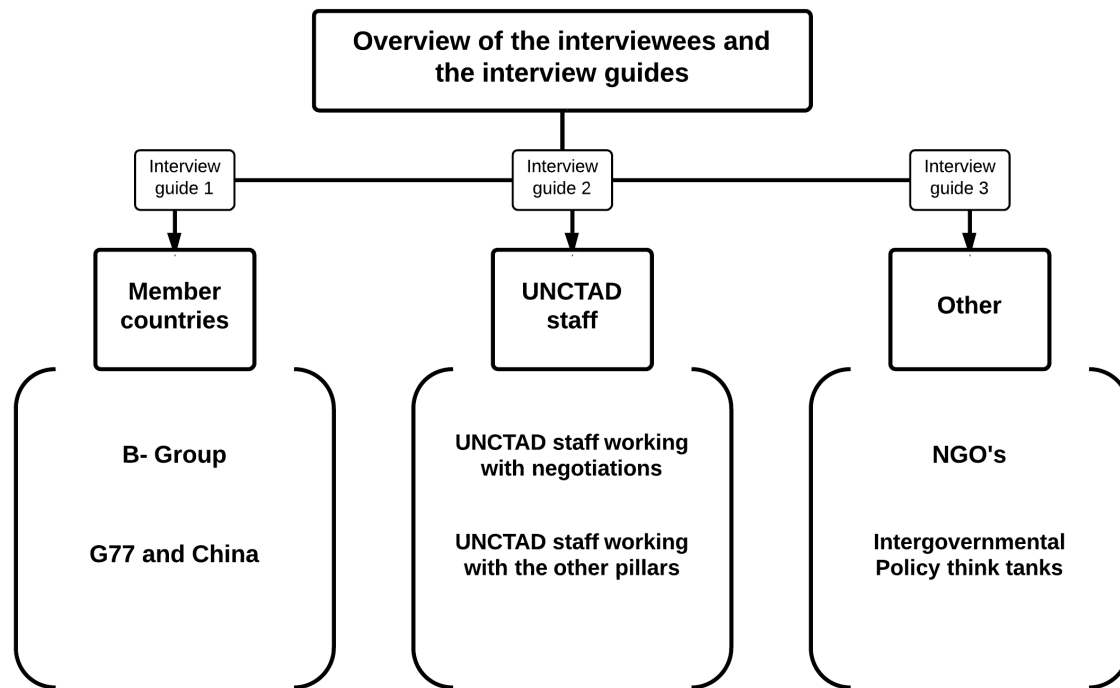


Figure 3: Overview of the interviewees

The interviews began with a “grand tour question” (Leech 2002). This was a simple question and put the respondents at ease and comfortable. In order to reduce the risk of measurement error I asked the interview objects to critically view their own arguments (Berry 2002). This was done by asking what the respondent thought the other coalition position was. However, many of the respondents did it naturally themselves, as they would always refer to the other party (either G77 or the B-group). One question concerning their position on NIEO was posed in order to find out whether the interview object had any specific relationship to “NIEO”. This was important because from secondary literature one could note how the authors’ relation to NIEO influenced how they perceived UNCTAD. The respondents were also asked to rate “to what extent UNCTAD has succeeded in: (1) setting the agenda, (2) promoting a common understanding and (3) giving policy advice”. The respondents were presented with the definitions of the criteria as well as a timeline outlining the 13 quadrennial conferences. This was to make sure that respondents knew the content of the criteria and were able to point to historical trends in relation to UNCTAD’s development (see appendices B and C). The interviews were analyzed in light of what coalition or whether the people interviewed worked in UNCTAD. Positive self-representation of your own role and organization is typical in elite interviews’, triangulation of information was therefore necessary (Berry 2002:680). Hence elite interviews were backed up by relevant secondary literature and checked against each other.

Most of the interviews would last about 1 hour and 30 minutes. Some respondents were constrained to what they could say (i.e. higher-level officials of UNCTAD). The most rewarding interviews were with respondents from NGO's and think tanks who were open and gave detailed descriptions of the North and South coalitions and how the UNCTAD secretariat was in the middle.

The interviews were conducted in their offices. In order to improve reliability the stimuli that the respondents were exposed to was standardized. For example, the way I presented myself, how questions were asked and the information provided (see appendices B and C). This type of data collection is in line with an epistemological perspective which is more 'positivist' in nature. From a positivist perspective one can postulate that through elite-interviews one can establish objective knowledge on the topic one is discussing, i.e., objective information on what happened during the UNCTAD XIII conference.

Each interview was taped with the consent from the respondent. I noticed that respondents would often come with more outspoken statements and personal views "after the interview was finished", i.e., while I was packing away my notebook and turning off my recorder¹⁰. This information was vital when attempting to understand "how members of a certain group think". I experimented with this effect and would often end up with a casual conversation that would last up to 15 minutes after the interview was finished. This approach is more along the line of an 'active' approach of gathering data where one is attempting to understand the respondents' perceptions of a given phenomenon (Andersen 2006:283).

All citations were sent to the respondents for approval before publishing. One possible drawback was that respondents might withdraw quotes that are too direct and serve to put them in an undesirable light. Another challenge was that many respondents followed the diplomatic principle of "being cited on what they *should* have said, and not what they actually said". Nevertheless, this approach increased validity because then inaccuracies and misunderstandings were cleared up. All my respondents agreed that their names and titles could be published in the respondent list, but the citations in the text did not include their names. In the citations their grouping has been outlined as it influences how they perceive

10 This is a common phenomenon that Bryman (2004:333) discusses. Being able to capture this information through a flexible approach shows the strengths of semi-structured interviews.

UNCTAD and GCD. This is done in order to achieve analytical clarity. Citations without names may serve to lower the reliability as it becomes more difficult to replicate. However, I believe the respondents would have been less open if they knew that their names were going to be published in the text. One can therefore argue that the validity increased as the respondents allowed themselves to speak more freely. In my analysis my interpretations and inferences are supported with quotes from my respondents. This was done so that the reader could clearly see what my inferences are based on, thus enhancing my reliability and validity. The letters assigned to the respondents are random and are from A-S. Consequently, the reader can follow the different respondents and see their opinions on the different issues.

Stage 4: Transcription and a final round of expert interviews in Oslo

After the fieldwork an important phase was the transcription. I also had a final round with interviews of experts I had been in touch with from the beginning of the research process. It was analytically rewarding to hear their views on my findings and follow up on some of the issues that were underlined in the first interview. This served as triangulation. The experts allowed me to use their names for direct citations.

4.3 Limitations and strengths of research design, resource base and findings

*“All knowledge and all inference- in quantitative and qualitative research- are uncertain”
(KKV 1994:31)*

According to KKV an important part of the research process is to report uncertainty of inferences. There were limitations in my research design relating to reliability and validity. An ideal research design is when another researcher manages to get the same results using the same research design and methods. This can prove to be difficult in qualitative research designs like mine. An interview setting will always be difficult to copy. I tried to overcome this weakness by describing the research process in detail in section 4.2, as well as being transparent relating to which documents and information inferences are based upon. Validity is especially relevant for my interview guide. Pilot interviews were conducted to test the interview guide and to see whether there were

several interpretations of the questions. The questions were framed in such a manner that my operationalized concept captures the concept that this thesis wants to measure¹¹. Through my pilot interviews I noticed that Underdal's theoretical variables were easier to operationalize. This had to do with the clarity and practicality of these variables. It was more difficult to ask questions concerning the variable "productive power". It was here one had to interpret the statements within a larger "system of significance and meaning". This was harder, but proved necessary and essential to understand the G77's unity and the rise of UNCTAD. After conducting the interviews the statements from the respondents were viewed critically as the researcher should not just accept the perspectives and the world-view that the interview objects hold. According to Andersen (2006:2) the interviewer is supposed to be critical and have analytical control in order to improve validity and reliability. Skogen et al (2007:262) argue that the point is to put the interpretation of an interview object in a larger context and identify broader patterns or even structures that are not as easily seen for others. I attempted to do this throughout the research process, both relating to primary and secondary literature and relating to the interviews conducted. This was therefore a major task to map out the different perceptions, especially as this was an element that complicates negotiations between the North and South. A further discussion on contending perceptions and narratives is outlined in section 5.2.1.

It was clear that my respondents had an agenda. High-level officials felt constrained in what they could say. One potential source of bias was concerning my own role. I began collecting information already while stationed in Geneva. The Norwegian archives in Geneva on this topic were very much based on the "Northern perspective". Therefore representatives from the G77, the South Center were interviewed and secondary material used to capture what represents a more "Southern perspective".

A methodological challenge in this thesis was to determine the potential for generalization to the broader UN family. This thesis attempts to (1) capture what has happened with UNCTAD, while the secondary research question (2) attempts to draw lessons learnt that may be relevant to organizations sharing similar characteristics. From a methodological perspective this means that this thesis attempts to project conclusions onto other

¹¹ This is called construct validity in Cook and Campbell's validity system; "*construct validity is whether the operationalized concept is relevant and captures the concept that we want to measure*" (Lund 2002:105).

organizations within the broader UN family. This was challenging, yet secondary literature (Williams 1991) argued that empirical data drawn solely from the UNCTAD context are relevant and can be generalized to cover the G77 in other organizational contexts. Even though respondents also argued that I could generalize findings in UNCTAD to other institutions, I have decided that this thesis will not attempt to generalize its findings, but rather reflect on the potential and point to relevant cases where these drivers may have had an impact.

A strength in my research design was that I could underline in the interviews that I had participated in the UNCTAD negotiations myself. This helped me in focusing the questions. For example I used an instance that I had observed in 2011 concerning Iran's active role. This insight helped me obtain interesting information on how Iran is radicalizing the G77 position (discussed in 5.2.4). However, sometimes my previous experience made respondents view me as someone from the B-group. Respondents, who knew me from beforehand would even specify this when they were talking about "my group". For example, *"Even in terms of Group B, your group, recent events have polarized the group entirely"*. Thus, my role had an impact on what type of information I obtained. However, whether this would have been the case anyway, remains an open question.

5 Has there been a Rise and Fall of UNCTAD?

The development of an organization can be described in different ways. The hypothesis of this thesis describes UNCTAD as an organization that has experienced a rise and a fall. The rise and fall are strong characteristics that convey a breaking point. It must therefore be examined closer. This chapter will address the question of whether “*there has been a rise and fall of UNCTAD?*” First the secondary literature will be referred to, then I will examine the empirical findings from my own fieldwork in 2011-2013.

5.1 What does the secondary literature say?

When using secondary and primary literature to obtain an overview of UNCTAD’s history one must be aware that authors may have been influenced by an ideological perspective. I have attempted to be critical of my sources and therefore used various papers from UNCTAD’s own publications as well as other sources to capture contrasting views¹².

Below is a timeline that contains 13 UNCTAD conferences. I have categorized the conferences in different phases. The 5 phases are taken from UNCTAD’s own history document¹³.

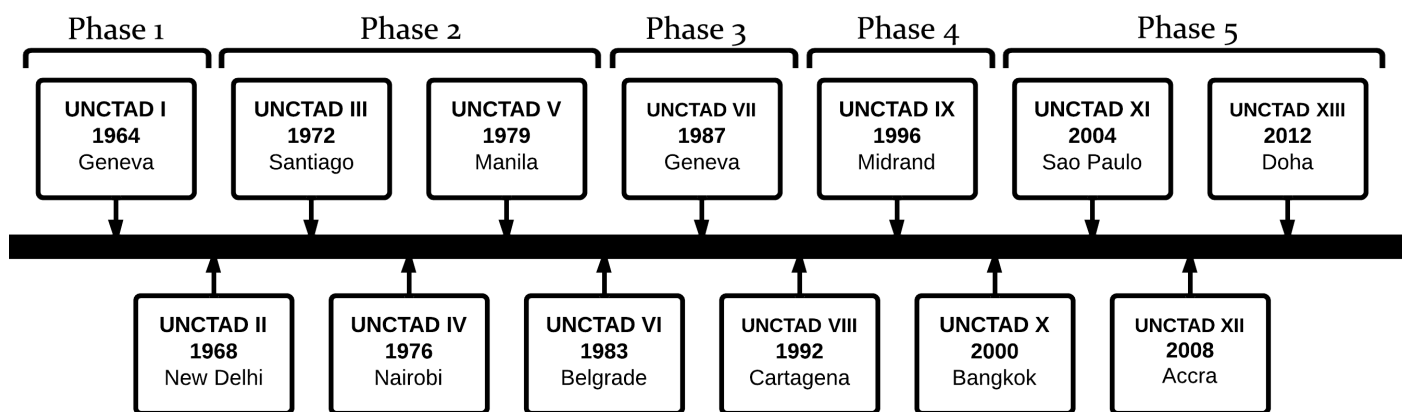


Figure 2: Timeline over the thirteen UNCTAD conferences

12 Some of the literature in the literature review are: Righter (1995), Williams (1991 and 1994), Aschim (1995), Bergesen and Lunde (1999), Gosovic (1968), Krasner (1981 and 1985), Keohane and Underdal (2011), Walters (1971), Rothstein (1984), Nye (1973) and Love (2001).

13 UNCTAD (2006). “UNCTAD - a brief historical overview”. United Nations Geneva. (UNCTAD/GDS/2006/1).

5.1.1 Phase 1: The establishment of UNCTAD in 1964

Prior to the first UNCTAD conference it was broadly recognized that there was need for a major cooperation between third world countries as the developing countries felt they had little influence in the existing trade organizations in the 1960's (UNCTAD 2006:9). When seventy-seven developing countries signed a "Joint Declaration of the Seventy-Seven Countries" in June 1964 (in UNCTAD I) the G77 was officially established. The coalition has grown and includes 131 countries, but the "original name was retained due to its historic significance" (G77 2012). The grand coalition of G77 had its roots in the "process of decolonization, growing disillusionment with the working liberal international economic order [...] and the role of international organizations in providing a forum in which developing countries could articulate and aggregate their interest" (Williams 1994:181, see Rothstein 1984, see Walters 1972).

UNCTAD I was held in Geneva and happened simultaneously with the Kennedy Round of GATT negotiations that was about to begin (1964-1967) (UNCTAD 2006:12). According to Love (2006:4) UNCTAD I was a 'mega-conference' and had over "4000 official delegates from 119 countries, along with representatives of numerous international organizations, and was the largest international event ever held on any subject to that time". It was Prebisch and the UN economist Malinowski during UNCTAD I who achieved to establish "UNCTAD as a permanent UN organization, rather than a one-off conference" (Love 2001:5).

According to Righter (1995:103) the UNCTAD I conference produced little in terms of agreement in the North- South negotiations. However, UNCTAD "gave the new block more than a sense of itself: it gave it a theory [...] at least Raul Prebisch did so" (ibid). However, it must be mentioned that there never was "one theory" in NIEO, there were several strands of theory in the Latin American Dependencia school from different scholars¹⁴. Still the first Secretary General of UNCTAD, Prebisch, was a famous scholar within the Latin American School. Prebisch had been a former governor of Argentines Central Bank and then director at the UN's Economic Commission for Latin America (ECLA) (ibid). The choice of a radical left wing Secretary General conveyed an impression to many governments that UNCTAD was a

14 Other dependencia scholars included Paul A. Baran, Yves Lacoste and Celso Furtado among others. Their perspectives influenced writers with a Marxist persuasion: Samir Amin, Gunder Frank and Wallerstein.

radical oriented UN-body, or a protest organization. His strong and visionary leadership had a great influence on the organization.

Thus in the institutional UN landscape, UNCTAD presented a counterweight to other organizations that dealt with trade at the time of its establishment (Williams 1994:183). UNCTAD was in that sense not the “first organization” that had dealt with trade and trade regimes. The existing organizations, OECD, GATT and the beginning of a regional EU, were liberal western institutions which it had taken a long time to build up. They saw the formation of a radically different trade organization as a nuisance (Gosovic 1968:77). UNCTAD had a global strategy and was assigned a broad mandate (terms of reference) which encompassed financing, trade, integration, technical assistance and shipping (ibid).

5.1.2 Phase 2: The period of systemic turbulence – 1970’s

“The old order seemed ripe for a decisive attack” (Bergesen and Lunde 1999:52)

In the early 1970’s there were conflicting signals about where the organized global society was headed (Bergesen and Lunde 1999:51-52). At this time the international context was influenced by the Cold War and the disintegration of the monetary system which increased uncertainty and volatility. In this context the third world countries had high expectations and ambitions on using their numerical majority in the UN to “influence the world economic structures” (ibid). The uncertainty and volatility strengthened the case for G77 to structurally change the world economy. During UNCTAD III in Santiago (1972) there was an increased self-confidence among the G77. Especially, as the G77 managed to force through the elaboration of the “Charter of the Economic rights and Duties of States” (Bergesen and Lunde 1999:53). However, it was in the fourth Non-alignment summit in Algiers in 1973 that “became the catalyst that fused the disparate elements of third world radicalization into a militant political platform” (ibid). The militant political platform was the demands of NIEO which were formulated into a programme of action. Righter (1995:107) argues that the content of the programme of action “was in fact the old UNCTAD agenda, but it was set in a framework which transfigured it”. Thus, the programme of action at the Algiers summit “established Third World solidarity, as a galvanizing political principle and provided it with

sacred texts” (Righter 1995:107). Many people regarded UNCTAD as the operationalization of NIEO in the 1970’s through to the 1980’s.

Another event that encouraged G77’s quest of NIEO was the first OPEC (Organization of the Petroleum Exporting Countries) Oil shock in 1973 which exposed the politico-economic vulnerabilities of the western world for all to see (Bergesen and Lunde 1999:53). In short, it was the Arab members of OPEC who proclaimed an oil embargo against the US as a punishment for their support of Israel (Moyaert et al. 2007:5). The oil embargo had great economic and political consequences for the West and even caused a rift in NATO. These consequences functioned as a major encouragement for the poor commodity exporting countries that “sensed a unique opportunity for increased earnings” (Bergesen and Lunde 1999:53). By understanding “OPEC’s power demonstration” one can capture how this functioned as “a new political energy that fuelled G77 demands for NIEO” and the strong belief in *commodity power* (ibid).

Thus, the UNCTAD conferences in the 1970’s¹⁵ presented a month-long session where “G77 attempted to make NIEO proposals for structural economic change subject to global negotiations” (ibid).

5.1.3 Phase 3: The “second” Cold War and global recession - the 1980’s

“North/South stand-offs in UN fora had come to be regarded as an exercise in futility by the world’s major powers” (Bergesen and Lunde 1999:60)

Bergesen and Lunde (1999:53) argue that “the second oil shock of 1979 further challenged battered western economies [...] It also introduced, however, what came to be seen as the ‘lost decade’ for the majority of (oil importing) poor countries”. These countries “were bogged down in a viscous debt crisis circle” as well as experiencing stagnating development performance (ibid). Recession in the battered western economies led to reduced demand for products from developing countries and increased protectionist interests among the western economies. Bergesen and Lunde (ibid) noted how the first oil shock raised “unrealistic expectations for significant developing world economic and political advances”, while the effects of the second oil shock “touched off developments that effectively killed

15 UNCTAD III- Santiago, UNCTAD IV- Nairobi, UNCTAD V- Manila

any ambition of unified G77 advances towards a new world order” (Bergesen and Lunde 1999:53).

This happened at the same time as UNCTAD experienced a “retreat phase” (1980-1991) (Williams 1991:2). It was especially after UNCTAD VI in 1983 in Belgrade that a more pragmatic approach had to be taken. Hence, UNCTAD “retreated from its high profile” due to three main factors: (1) Attacks from the US on UNCTAD’s broad mandate. (2) UNCTAD’s “failure to produce concrete results during the earlier period” (ibid). At this time it became clear that one could not bring forward a major reform of the international economic order (Keohane and Underdal 2011:55). (3) UNCTAD had been marginalized by the changing international political economy especially influenced by the liberation of capital movements that were decided independent of the multilateral system (Williams 1991:2). This served to increase the values in world trade and was one of the main drivers of globalization.

Cox (1994:105) argued that NIEO and UNCTAD became marginalized due to the political climate and international agenda which changed in the 1980’s. The change was mostly due to the election of Thatcher, Reagan and several other conservative governments which represented and promoted a neoliberal ideology which stood in stark contrast to NIEO.

5.1.4 Phase 4: Global uncertainty - mid-1980’s to the mid-1990’s

Towards the end of the 1980’s one witnessed how socialist regimes in Eastern and Central Europe collapsed after the disintegration of the Soviet Union in 1991 (UNCTAD 2006:22). This had a disadvantageous effect on the negotiations in the UN-system; “the pattern of North-South bloc confrontation was further pronounced by the disappearance of the bloc of centrally planned economies led by the Soviet Union” (Kjellén (1992) cited in Gunnar Sjøstedt 2002:181). The role of the “Bretton Woods system in the management of international economic relations was further enhanced as they were assigned a central role in assisting the economies in transition” (UNCTAD 2006:22).

In the mid-1990’s UNCTAD was in a “severe crisis that many saw as a terminal” (UNCTAD 2004:ix). UNCTAD’s SG Rubens Ricupero wrote “the year 1995 and the immediate following years also coincided with the broader crisis of the UN, of which the acute financial difficulties

mainly created by the arrears on payment of the United States' contributions were one of the most damaging aspects" (UNCTAD 2004:ix). The fact that the US chose not to pay its contributions was a strong statement to the UN system. Thus, in the mid-1990's there was increasing pressure to reform the UN system to become more streamlined and effective. UNCTAD underwent reformatations after UNCTAD IX in Midrand (South Africa). UNCTAD's SG Ricupero stated that "it became clear to me that UNCTAD should undergo a drastic process of reform and downsizing" (ibid).

The decision to create the WTO in 1994 was a result of the "long and difficult" negotiations of the GATT Uruguay round (UNCTAD 2006:19). Love (2006:18) noted how "WTO was just as much a rich man's club as GATT had been". WTO was assigned a "broad mandate which extended far beyond tariff reduction" (UNCTAD 2006:19). It was at this stage that concerns of duplication of work between UNCTAD and WTO were raised. SG Ricupero claimed that allegations against UNCTAD voicing that "UNCTAD had become redundant after the establishment of the WTO" was an allegation of *ideological nature*. SG Ricupero argued "UNCTAD has been the primary forum shared between the North and the South, i.e. between the rich and the poor countries, in the context of a bipolar world of the Cold War". Just when the East and West collapsed one argued that the "North/South confrontation would give way to a unified economy of planetary dimension through globalization of trade, investment and financial flows" (UNCTAD 2004:x). Finally, the critics of UNCTAD argued "If the North-South antagonism was to be thrown into the history dustbin, this should also be the fate of the institutions that had promoted or encouraged it" (ibid). However, the end of the bipolar world did not lead to the demise of the North/South division.

UNCTAD (2006:23) also argued that their work and the work of WTO would complement each other. In other words, UNCTAD would prepare the LDC for the negotiations in WTO (ibid).

5.1.5 Phase 5: After the mid-1990's

After UNCTAD IX in Midrand (1996), UNCTAD has organized four more conferences. The South Centre argued that UNCTAD X in Bangkok (2000) and UNCTAD XI in Sao Paulo (2004) functioned as a "rescue operation" to retrieve some of the previous ideological ground

(South Centre 2006:9). This was after the Asian financial crisis and failure of the WTO round in Seattle (also known as the “The Battle of Seattle”). After the mid-1990s one began to see the negative effects of applying the Washington consensus through the Structural Adjustments Programs (SAP’s) designed by the World Bank (WB) and International Monetary Fund (IMF). The SAP’s demanded structural adjustment, downsizing public sectors in order for third world countries to receive debt relief. The effects of the SAP’s were sharply criticized by the UN through a UNICEF report titled “Adjustment with a human face” (Cornia et al. 1987). According to the South Centre this situation “highlighted the fact that the external debt overhang of developing countries crippled the development process, and that the liberalization of capital markets and instability caused by unregulated global financial flows posed a major threat for developing countries” (South Centre 2006:9).

During UNCTAD XIII in Doha, April 21-26 2012, there was again a “battle” between the North and South concerning UNCTAD’s mandate. The North-South battle can be illustrated by a statement made by Ambassador Pisanu Chanvitan of Thailand who was the spokesperson for G77 and China. He presented the following statement during the conference (cited in Khor 2012):

“The G77 and China believed that UNCTAD XIII can contribute to a new beginning, and that the theme of development-centered globalization could articulate a vision of development based on equality and equal respect for all. Unfortunately, the developing countries feel increasingly marginalized by our partners, especially when they seem to deny us our own priorities”.

According to Bhatteai (2012:9) “UNCTAD XIII saw the growing confidence of the South, which resisted attempts to unduly restrict the mandate of the UN agency”. UNCTAD XIII will be revisited in the analysis as the respondents would provide details and examples from UNCTAD XIII.

5.2 What does my empirical information suggest?

From the previous section one can discern a ‘rise’ in the creation of UNCTAD (phase 1) and throughout the period of systemic turbulence in the 1970’s (phase 2). The ‘fall’ began during the “second Cold War” and the global recession in the 1980’s (phase 3). It was during the

UNCTAD conferences following this period that UNCTAD as an organization changed character to become a consensus-building forum after pressure from the North (phase 4; Global uncertainty mid 1980's-mid 1990's). In phase 5 (after the mid 1990's) UNCTAD further declined. From the secondary literature one can argue that UNCTAD has experienced a rise and fall. However, is this development supported by my empirical information?

This section presents empirical findings from my fieldwork. In order to shed light on the development of UNCTAD (Y) three evaluation criteria were used. Each criterion is presented with an analysis of the preliminary hypothesis made based on secondary and primary literature, participative observation and interviews conducted in 2011. Afterwards the information from my fieldwork in Geneva 2013 will be presented.

5.2.1 Agenda setting

Based on literature one can hypothesize that UNCTAD managed to set the agenda in the 1960's-1980's as there were few 'radical' organizations that dealt with trade, development and economic issues. GATT operated in this time period, yet it was called the "Trader's club" that consisted mainly of industrialized countries dealing exclusively with trade (Curzon and Curzon 1973:298). The multilateral landscape and focus in the economy changed in the era of Thatcher and Reagan in the 1980's and when the WTO was established in 1995. These were external factors that had an influence on UNCTAD's ability to set the agenda.

The Rise - UNCTAD was the center of attention relating to development issues

This preliminary hypothesis was confirmed in my interviews as most of my respondents believed that UNCTAD played an important role in setting the 'development agenda' in the 1960's and the 1970's, but that in the 1980's-1990's UNCTAD lost its agenda setting power. The institutional context around UNCTAD changed and the organization entered into "*a world with a multitude of actors and causes competing for attention*" (Bergesen and Lunde 1999:4).

According to observers, UNCTAD shaped the development agenda through innovative research "*UNCTAD has done quite a good job promoting the importance of development*

issues as well as functioning as the voice of developing countries” (NGO, respondent N). SG Prebisch and UNCTAD functioned as an “amplifier” and represented the voice of more than 136 developing countries within the UN system; this was a significant achievement. Developing countries demanded that development issues should be put on the international agenda, and that these issues should serve to “focus governments and stakeholders’ attention worldwide” (Bergesen and Lunde 1995:5). The flagship reports prepared by UNCTAD are widely distributed and are well recognized; many respondents used these reports as an example of UNCTAD’s ability to set the agenda¹⁶.

The fall – An ideological and political shift changing UNCTAD’s role as an agenda setter

In line with my preliminary hypothesis, the respondents from the North and South mentioned an ideological and political shift in the international political climate. In the 1970’s one witnessed strong disagreement in relation to NIEO, which the Carter administration in the US did not support. UNCTAD was dominated by the developing countries’ perspectives on trade. Developing countries supported a *strong state, state governed economic processes* and that the UN (and the developing countries) should acquire a stronger role in the regulation of economic issues (especially in trade, commodities, debt, shipping and transnational companies).

One observer underlines that in the 1960’s and 1970’s there had been a “*general good will and a genuine belief that one had to help the developing countries*”, but when the “*Thatcher and Reagan era kicked in, the rich countries said that the direction of UNCTAD is not the direction we are going [...] If UNCTAD continues with their issues we will not invite them to the party*” (NGO, respondent N). The *direction of UNCTAD* can be understood as the “political governance of the market economy”, which was challenging the principles of liberalism. However, liberal market forces shot down the state-centric perspectives in UNCTAD and this process accelerated in the 1980’s with the Thatcher and Reagan era. This shift shaped how actors from the West viewed the relationship with the developing countries, and UNCTAD’s role in promoting the developing countries’ interests in the

16 Some of the flagship reports are Trade and Development Report (TDR), World Investment Report (WIR), Least Developed Countries Report (LDC) and other reports dealing with technology and innovation, Maritime transport and information economy.

multilateral system. An LDC respondent illustrated the political and ideological shift in the development agenda with the SAP's that had detrimental consequences for developing countries (mentioned in phase 5).

Respondents from the North and South claimed that it was during the two conferences in the 1990's (Cartagena (1992) and Midrand (1996)) UNCTAD further declined and lost its agenda setting function. The end of the Cold War, the triumph of capitalism and the establishment of WTO were important events influencing UNCTAD. In these conferences the developed countries fought to alter UNCTAD's mandate to reflect 'a changed world'. UNCTAD was pushed by the North to change from being a 'negotiation forum' to become a 'consensus-building forum'.

One respondent from the South argues *"the development agenda which was originally set by UNCTAD has been fragmented due to increased competition from other multilateral institutions that also focus on development, like UNDP and sections within the World Bank and IMF"* (LDC, Respondent P). It must be noted that UNCTAD is a political organization and cannot be compared to the operative organization of UNDP. UNDP has a completely different mandate with country-office presence. In the competition of attention and agenda setting among the institutions, many member countries do not distinguish between *political* and *operative* organizations in the UN landscape. This lack of distinction serves to further dilute the mandates and what is expected of the different UN-institutions (discussed briefly in 6.2.1).

Today, the agendas of organizations have become much more specialized and have taken over UNCTAD's areas of work; *"the agenda on finance is set by the WB and IMF, and trade is set by the WTO [...] it is not that we in UNCTAD do not try and we do come up with a lot of interesting ideas, it is just that we are not heard, we are not significant enough"* (UNCTAD staff, respondent K). With a diverse, fragmented multilateral landscape *"you cannot expect that UNCTAD is going to define the agenda in its totality, but we do it in our own way [...] the reason for this is that there is no 'one single agenda' anymore"* (UNCTAD staff, respondent I).

Respondents from the South pointed out that after the 1980's UNCTAD had pushed for ideas, which have been incorporated and integrated in the work of larger institutions¹⁷. This role of UNCTAD was echoed by a respondent from the North who argued that through its analytical work, UNCTAD has *"attempted to position itself as a corrective to the agenda which has been outlined and set elsewhere"* (Norwegian MFA, respondent A). UNCTAD's approach has generally stressed the role of governments, the state and the public sector in economic policies – in contrast to the more market-oriented and liberalistic policies of the World Bank and IMF promoted through the Washington consensus period, and supported by OECD/DAC donors (Norwegian MFA, respondent A).

There are contrasting views between the respondents on UNCTAD's agenda setting role. Some respondents from the North were more critical; *"As of today I see that UNCTAD has limited influence in the field of Trade and development. UNCTAD does not have a high standing and is met with little respect in the UN system"* (Norwegian MFA, Respondent S).

5.2.2 Promoting a common understanding

Promoting a common understanding is one of the main goals, as well as an example of success, for most political organizations. UNCTAD's initial vision during its rise was a more *fair* and *just* regime for commodities and trade. The establishment of UNCTAD presented in a sense an "alternative vision" to the pure "free-trade vision". Based on my hypothesis one would expect that UNCTAD managed to create a common understanding on development issues and its alternative vision during its rise. The hypothesis is that this role, vision and function, would weaken as UNCTAD lost parts of its mandate to WTO, and after the 1980's with the expansion of the free trade paradigm.

The Rise- UNCTAD was meant to be a negotiation forum, not promoting a common understanding

My hypothesis proved to be wrong. Respondents from the South underlined that UNCTAD had been successful over time in creating a common understanding between the developing countries. But, UNCTAD had been unsuccessful in affecting the developed countries, and

¹⁷ Examples provided were "Policy space" which is widely used and "productive capacity building for LDC".

creating a common understanding that included the North. Some even argued that this was *not the point* in the beginning of UNCTAD. An expert noted that UNCTAD attempted to do this with regard to NIEO, but because the content of NIEO is “favorable to G77” it proved difficult. Respondents from the South argued that developed countries had ideological and material barriers against a common understanding on the issues that were discussed in UNCTAD in the 1960’s- 1980’s. However, these ideological barriers can be argued to go both ways. For example, UNCTAD’s SG Prebisch criticized “the role of Third World elites—African politicians, he thought were abusing the “trade gap” concept to cover up their own corruption” (Love 2001:13). Prebisch underlined the importance of internal redistribution within developing countries to increase development, but there were ideological and material barriers to this type of knowledge among the third world elites. Prebisch meddled with a prevalent ‘belief system’ where underdevelopment could be attributed to the ‘workings of the international economic system rather than the indigenous characteristics of their own societies’ (Krasner 1981:143) (further discussed in section 6.4.2).

An observer argues that, *“UNCTAD has played a positive role by looking at the impacts of trade on development, since trade is a complex issue with lots of different effects”* (NGO, Respondent N). Much of the research UNCTAD conducts reveals that certain conditions in developing countries must be present in order for trade to have a positive impact. Thus, UNCTAD’s opinion is that trade is not intrinsically “good”. One observer underlines that the alternative view has been helpful in questioning some of the fundamental principles in the Washington consensus. Other respondents argued that this belief has experienced a crushing defeat. One expert commented on this statements and argued that there has been a misunderstanding, *“UNCTAD has not been against freer trade, the organization just wanted to promote fairer trade”* (Expert Skogmo).

The fall - UNCTAD became a consensus building forum, but was not successful

A respondent from the North argues that *“if UNCTAD had been good at promoting a common understanding one would have managed to track UNCTAD’s contribution to public understanding in other trade and development-oriented organizations. However, I have not seen UNCTAD’s footprint”* (Norwegian MFA, Respondent C).

5.2.3 Give Policy advice

Along the lines of the other institutional criteria, one could hypothesize that UNCTAD was much more successful in giving policy advice in phase 1 and 2. In phase 3 there was much competition for attention due to (1) an increased number of development agencies and (2) because of the contrasting policy advice (Washington consensus vs. UNCTAD's state oriented policy advice)¹⁸.

The Rise- UNCTAD successful in giving advice to developing countries

Observers and respondents from the South were positive concerning UNCTAD's ability to give policy advice to developing countries. *"If UNCTAD was just for the G77, then these three objectives (Agenda setting, promoting a common understanding and give policy advice) would have been achieved. But for the developed countries none of these objectives are achieved. The developed countries see UNCTAD as an obligation and they are not happy with this obligation. If they decide to join in the meetings it is just to counteract the discourse of the G77"* (MIC, respondent O).

A respondent from the North argues *"I actually believe that UNCTAD has had an influence and a role in giving policy advice to developing countries"* (Norwegian MFA, respondent A). The respondent referred to economic measures in developing countries promoted by UNCTAD after the Asian crisis, which made them less vulnerable to the current financial crisis. The respondent also believed that there is broad agreement among actors in the North that UNCTAD has had a constructive advisory role in preparing the developing countries for WTO membership and WTO negotiations. However, *"this role has probably weakened during the last years as more developing countries have adopted market-based economic policies and strategies"* (ibid).

Respondents from the South underlined the importance of having an alternative perspective on development and trade policies which is challenging the neo-liberal paradigm. This is done through the trade and development reports published by UNCTAD. *"UNCTAD's policy*

18 Love (2001:12) noted how "cleavages within Third World Countries' bureaucratic elites: The minister of development would tend to favor UNCTAD recommendations, while the minister of finance would tend to favor those of the IMF".

research has been useful because it provides government with a second opinion to what comes out of the rest of the UN system or the WB” (Think tank, respondent D). Another element is that UNCTAD has demonstrated anomalies of the Washington Consensus paradigm (CUTS 2012). UNCTAD therefore serves to create pluralism in policy analysis relating to trade and macro-economic issues (ibid).

A respondent from the North argued that UNCTAD’s policy advice and analysis has been partly ignored by the North because some parts of UNCTAD went too far in its economic orthodoxies. In intergovernmental negotiations, it was – for instance- *“very difficult to include any positive wordings about opportunities for development from globalization, even during a period where many developing countries opened up their economies”* (Norwegian MFA, respondent A). This made it difficult even for industrialized countries sympathetic to UNCTAD’s analytical work to make their capitals interested in the work of UNCTAD. *“In some ways, UNCTAD has cursed in church, advocating a policy which is contrary to the policies of liberalization, privatization and status quo; this has led to industrialized countries ignoring and not referring to UNCTAD’s work even in cases where UNCTAD was right, for instance in warning about the risks of a rapid deregulation of weak economies before the Asian crisis in the late 1990’s”* (Norwegian MFA, respondent A).

The Fall- UNCTAD “too political” to give clear policy advice

There was a more critical perspective on UNCTAD’s ability to “translate normative principles into action at the nation level” (Bergesen and Lunde 1999:8). One respondent argues *“much of what is said and written in UNCTAD will not be translated into practical and feasible actions. Proposals will be discussed at meetings, elaborate documents will be written, then they will be reviewed internally in UNCTAD and, with the exception of a handful of so-called “flag-ship documents”, put in the archives and that’s it. UNCTAD is seriously lacking in its ability to create public awareness of its work”* (UNCTAD staff, Respondent K). Another respondent underlined the reason why UNCTAD does not manage to ‘break through’ with its policy advice is *“the misuse of competence in UNCTAD headquarters. Resources and time are mostly used for internal operations and events etc. instead of spending more time on their mandate and establishing unbroken chains between the normative and operative level”* (Norwegian MFA, Respondent C).

A respondent from the South argued that UNCTAD has to a certain extent been successful in giving policy advice to developing countries. However, *“You have been telling us what to do, but we still have a problem. We need policy advice that is more practical because now it is vague. We are asking UNCTAD to give us policy advice addressing my countries’ issues and problems”* (LDC, respondent P). Again it must be noted that UNCTAD is not an operative organization, therefore this can be argued to be a tall order for a *political* organization. The respondent perceived that UNCTAD’s ability to give policy advice was affected by *“the North who restricts what kind of advice UNCTAD can give us because they say that certain issues and topics belong to other organizations. However, all these issues are interconnected; therefore it is difficult to give advice on only one issue”* (LDC, respondent P). An observer also noted that *“UNCTAD is so constrained with what it can say, it only gives policy advice in specific fields where it has clear mandates”* (NGO, respondent N).

5.3 Summary

The secondary literature review conveys how the broader international political climate had clear consequences for the creation of UNCTAD and the negotiation process that took place between the North and South.

The main trends documented in the secondary literature correspond with the empirical findings from my fieldwork. It seemed that UNCTAD during its heydays **managed to set the development agenda** and obtain more focus on an alternative trade scheme. After the Cold War the Washington consensus shaped the development agenda. The respondents described UNCTAD as having a role as a *corrective* to the development agenda. However, this function diminished in later years.

Promoting a common understanding between the North and South was not the first priority during UNCTAD’s rise. This was a function that became important when UNCTAD turned into a consensus-building forum. UNCTAD attempted to promote a common understanding of NIEO during its rise, but it was difficult for the North to agree to an alternative trade scheme that would be more favorable to developing countries. Later it became a hard task for UNCTAD to promote a common understanding that would involve the North as “the crux lies

in the impartiality of this kind of input” (Bergesen and Lunde 1999:6). Today, UNCTAD presents itself as neutral, but due to its history of being biased it will be difficult to gain the developed countries’ trust.

Some respondents believed that UNCTAD has been successful in **giving policy advice** to developing countries through its policy research and policy reports. However, several factors that restricted the ability to give policy advice were identified: (1) UNCTAD’s analytical work has partly been ignored by the North since UNCTAD “has cursed in church” and challenged the status quo, (2) A lot of ‘talk’ and meetings that do not get translated into action and results (3) misuse of resources on internal events and meetings in UNCTAD HQ, (4) it was argued that the North is restricting UNCTAD’s ability to give policy advice to developing countries by pressuring them to only focus on specific and technical topics. Some respondents believed the underlying reason was because the North did not want UNCTAD to give policy advice on sensitive topics where it could promote a different ideology than the mainstream ideology. The debate concerning UNCTAD’s mandate has been a constant topic during the negotiations and was one of the salient issues discussed in UNCTAD XIII in Doha.

Thus on the basis of primary and secondary literature and empirical findings one could argue that UNCTAD has experienced a rise and fall.

6 How can one explain the Rise and Fall of UNCTAD?

This chapter will shed light on the drivers that produced the rise and fall of UNCTAD. Again secondary literature will be used when addressing the rise, while my empirical information will be used when addressing the fall, as most respondents referred to their recent experience with UNCTAD (phase 4 and 5). Figure 4 illustrates my theoretical model of inquiry. When assessing UNCTAD the three criteria on the dependent variable were used (see chapter 5). The independent variables represent different drivers behind the rise and fall.

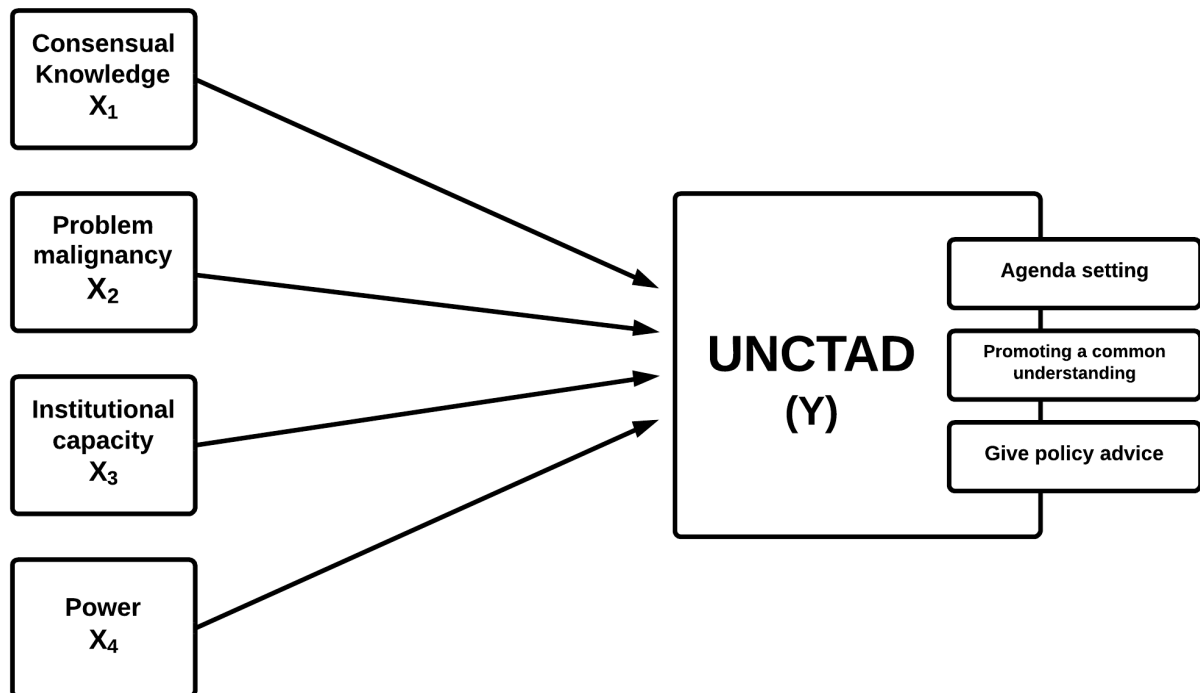


Figure 3: Theoretical model

6.1 Consensual knowledge

“The most common impediment to a negotiation is different perceptions or lack of consensual knowledge and understanding of the other side” (NGO, respondent N)

Joseph Nye studied UNCTAD under the influential leadership of Raul Prebisch in the late 1960's (phase 1). Nye argued that UNCTAD under Prebisch was “the symbol of some men's concern about the enormous challenge of development, their refusal to accept the existing pattern of bureaucratic and international norms, and their attempt to use international organization in an innovative way” (Nye 1973:370). In other words, Prebisch played a “leading role not only in founding the G77, but initiating the process that would result in NIEO” (Love 2001:13). However, Righter (1995:105) argues that Prebisch's theories were destructive and polarizing because they “launched international economic negotiations down a dead-end road; and because it lent itself to the evolving “block” approach, in which blanket demands would be made with little regard for the quite different needs of individual developing countries”.

The essence of consensual knowledge is a set of beliefs that the most relevant actors can agree upon. The block approach noted by Righter (1995) coupled with a Dependencia-topic like NIEO, made it difficult to achieve consensual knowledge between the blocks. Rothstein argued that lack of consensual knowledge between the North and South was one of the reasons why the commodity negotiations (IPC) during UNCTAD's rise failed and little was learnt¹⁹. The negotiations during the rise of UNCTAD were described as high-level events with ambassadors and some of the best experts at the time²⁰. Rothstein's article conveyed that not only realist perceptions of power and self-interest were affecting the negotiations during UNCTAD's rise (Rothstein 1984:733).

Yet, in phase 1 and 2 the lack of consensual knowledge seemed not to have a detrimental effect on UNCTAD's development. However in the 1980's and 1990's (phase 3 and 4) UNCTAD was pressured to change its character and become less confrontational and focus

19 Rothstein (1984:733) wrote about the lessons learnt from the 8 years long commodity negotiations within UNCTAD related to the Integrated Programme for Commodities (IPC).

20 For example Prebisch “recruited first-rank economists to carry out commodity agreement studies, notably Alfred Maizels of Britain and Jan Tinbergen, the future Nobel Prize Winner, of the Netherlands” (Love 2001:9)

on achieving consensual knowledge. The South Centre did not appreciate the reform of UNCTAD. According to the South Centre (2006:5) UNCTAD VIII (Cartagena) and UNCTAD IX (Midrand) “gave the finishing touches to the demolition job begun one decade earlier”. The Cartagena agreement in UNCTAD VIII led to the change where UNCTAD went from being a ‘negotiation forum’ to become a ‘consensus-building forum’ (ibid). Thus, UNCTAD “gave up its opposition to the international system and redefined its objectives in the context of liberalization and globalization” (South Centre 2006:6). The South Centre argued that UNCTAD became an organization that rendered practical assistance to LDC so that the third world coalition could take advantage of the existing order “rather than indulging in seemingly futile exercise of contesting this order” (ibid). Thus the changes and reforms that took place in UNCTAD were regarded as a part of a broader design by the major developed countries to “discourage and disarm collective action by developing countries to bring about a change in the global economic structure” (South Centre 2006:9).

The variable of consensual knowledge is important in negotiations because “uncertainty makes consensus difficult since it impedes agreement about the nature of the problem and what to do about it” (Rothstein 1984:735). Righter (1995) argues that during UNCTAD’s rise “consensus and consensual knowledge was not the goal”, while confrontation between North and South was.

My respondents in Geneva and Oslo mentioned several elements that make it difficult to create consensual knowledge in UNCTAD today: (1) uncertainty of knowledge due to limited resources and the vicious cycle of deprioritization, (2) it was easier to achieve consensual knowledge on practical issues than ‘sensitive’ issues (3) contending perceptions and narratives of the North and the South, and (4) contending perceptions within the G77.

6.1.1 Uncertainty of knowledge and the vicious cycle of deprioritization

A general opinion among my respondents was that the Permanent Missions in Geneva are understaffed and lack the capacity to read and follow up technical papers provided by UNCTAD. One expert argued that technical papers should be read by experts at the national level, not at the delegation level.

Yet, uncertainty around technical expert knowledge was a major difficulty in negotiations and meetings in UNCTAD. A respondent from the North told me that the technical information from the Trade and Development Board (TDB) meetings and expert panels *“goes way over the heads of all the delegates (both from the G77 and the B-group). However, sometimes we felt that the G77 was poorly prepared and did not have knowledge of the discourse and the discussion around the issues raised. Many of the G77 missions in Geneva were poorly staffed and had to prioritize”* (Norwegian MFA, Respondent C). The delegates covering UNCTAD tended to be the generalists at the Mission, while the delegates with more competence within trade and development were sent to the WTO.

Reduced participation in UNCTAD- Interns and lower level diplomats

After UNCTAD lost its negotiation mandate to WTO in 1995, the delegations in Geneva had to prioritize. A respondent from the North argues *“UNCTAD as an organization remains mainly a conference, with programmes for technical cooperation, but without any operational responsibilities. In a conference “the output is mostly non-binding words”; this is a marked difference from the WTO where negotiations aim to establish contractual obligations”* (Norwegian MFA, Respondent A).

While the South sends lower level generalists to negotiations in UNCTAD, many Northern Missions send interns. As an intern covering UNCTAD in 2011, I participated in the negotiations leading up to UNCTAD XIII. I was told by a respondent in 2011 that *“no offence, but when Group B are sending interns, they are deprioritizing the forum. This is a vicious cycle”* (UNCTAD staff, Respondent I). Another intern from a Northern mission told me that she enjoyed the meetings in UNCTAD, since she could sit together with other interns and not follow the discussion too closely. Her supervisor at the delegation had told her *“you don’t have to write any notes, nothing is going to happen anyway”*. The Permanent Mission of Norway echoed the same sentiment. A respondent from the UNCTAD staff observed *“before it was normal practice to send your ambassadors to UNCTAD. Now UNCTAD is becoming less significant and therefore lower level diplomats are sent. In the end they don’t send anyone”* (UNCTAD staff, respondent H). After my internship ended in July 2011, no one from the Norwegian Mission in Geneva has actively covered UNCTAD. The trend of sending interns and not having enough personnel puts Northern delegations in a position where they *must*

respond rather than to initiate and this is not just the case of UNCTAD. This makes multilateral negotiations easier victims for hijacking by more extreme actors (further discussed in section 6.4.3). One expert argued that *“Adding to this disengagement from UNCTAD, Western countries are in a situation where resources and people at the permanent missions are reduced and cut. Even a country like Norway has shifted diplomatic resources from European countries and UN-delegations to emerging nations”* (Norwegian MFA, Respondent A). This seems to be a part of a bigger strategy to attain new strategic partners. Reduced participation at delegation level might be a symptom of an underlying problem in relation to the deprioritization of UNCTAD and the broader UN system.

Respondents from the South and observers stressed the difficulties in getting feedback from the experts in capital on position papers. Therefore, position papers are often decided at the delegation level without an expert opinion. According to Rothstein (1984:757), this is a major problem because it causes *politicization*. Another issue is that countries are “lacking the technical skills to develop independent positions” (ibid). Thus, UNCTAD staff told me that they often drafted statements reflecting the positions of the different coalitions as the delegates do not have the time to do this. One respondent believed that one of the main challenges for UNCTAD is that it produces too many documents and arranges meetings that there is no real demand for (Norwegian MFA, respondent A).

Rothstein (1984:757) argued that expert groups could make a difference by preparing technical reports before the actual negotiation takes place, this would lead to less politicization. This is something that the UNCTAD staff does to some extent already; it still does not seem to solve the stalemate. Rothstein argues “the expert groups would not be bound by group positions” (ibid). This is not the case of the position papers drafted by UNCTAD. First of all, the UNCTAD experts are not an independent expert group and therefore the delegates question the information and the position papers created by the UNCTAD experts: *“the only source of information the delegates of G77 have is from the briefings of the UNCTAD secretariat, so sometimes I’m afraid that when we are defending a position in UNCTAD, we are defending the position of the secretariat in some way”* (MIC, respondent O).

A similar argument to Rothstein's view of the importance of consensual knowledge was proposed as a 'lesson learnt' from Keohane and Underdal (2011:55). They argued that "a solid base of consensual knowledge seems to come close to being a necessary condition for effective cooperation" in the North-South negotiations (ibid). The proponents of NIEO debated this topic in most of the conferences in UNCTAD from the 1960-1980's and they "never succeeded in building such a platform; in fact the diagnosis of the problem as well as the essence of the cure remains contested" (ibid). However, whether there would be political will to gain more clarity in the UNCTAD negotiations is a question that will be dealt with in the next section.

6.1.2 Practical issues versus 'sensitive' issues

"The breakdown in common language was an integral part of the North-South stalemate"
(Richter 1995:97)

Most of my respondents from the South and North argued that it is easier to achieve a common understanding on practical issues, than vague, unclear policy UN buzzwords. At the last UNCTAD conference, diplomats used weeks negotiating words and phrases that took on a huge symbolic value; the fundamental question is *"whether this or the other contentious language matters at all"* (Mark Halle in CUTS 2012:11).

Rothstein (1984:739) argued the North-South negotiations "center around grand principles rather than on practicalities" this makes it difficult to learn or to get feedback from the implementation (ibid). The gap described by Rothstein, which concerns "the policy process in Geneva" and the weak link to the "levels that will actually implement decision" is something that still is relevant today. A Respondent from South echoed this and argued that using vague terms is a strategy to include other elements that are not agreed upon. *"At the moment anyone can stretch these concepts to fit their interpretation and interests"* (LDC, respondent P). For example the 'reform of UNCTAD'; The North wants to reform UNCTAD, but there are different perceptions of what this should mean in practice. *"All member countries want to make UNCTAD more effective. The problem is how can we do this so that we don't have the feeling that the North is trying to curtail UNCTAD's mandate"* (LDC, respondent P).

Some practical issues, however, have been negotiated in UNCTAD. *“In some areas there was a mutual understanding between the North and the South, for example the DMFAS program on advising developing countries to deal with debt relief²¹ [...] Here there are common interests between the North and the South concerning practical application, which could cause actual results”* (Norwegian MFA, Respondent A). According to the respondent the investment division of UNCTAD did valuable work in analyzing and advising how developing countries could establish sound policies to attract foreign direct investments on conditions that would serve both parties. UNCTAD SG Ricupero, a former Minister of Finance of Brazil, (UNCTAD SG from 1995-2004) gave intellectual leadership to UNCTAD during his term- *“drawing UNCTAD a little bit closer to the mainstream of current economic thinking”* (ibid).

6.1.3 Contending perceptions and narratives of the North and South

“The truth of the matter is that when you are negotiating or analyzing a situation, there are many realities. The first step in building consensus is to create a common reality”
(UNCTAD staff, Respondent I)

My respondents argue that the North and South have always had different ways of viewing the world. In the literature this has also been underlined (Rothstein 1984:759). One expert claimed that in UNCTAD’s rise *“When dealing with NIEO there was never real consensus concerning the mechanisms that had led to underdevelopment in developing countries and what could be done. It was ‘agreement in appearance only’ that Norwegian diplomats contributed to maintain through continued lip service”* (Expert Lunde). During the last few years the contending perceptions have been especially poignant and become a crucial issue in the major North- South negotiations. One respondent from the South states *“The North and the South have different narratives. We have been struggling with finding a good basis for dialogue [...] What we are seeing now is that the developed countries narrative of ‘the world has changed’ is not driven by empirical facts, but by fear, a fear of losing its preeminence”* (Think tank, respondent D). On the other hand, the Human Development Report (HDR) from 2013 notes that *“For the first time in 150 years, the combined output of the developing world’s three leading economies—Brazil, China and India—is about equal to*

21 DMFAS- Debt Management and Financial Analysis System is a programme managed by UNCTAD to assist developing countries to effective debt management.

the combined GDP of the longstanding industrial powers of the North—Canada, France, Germany, Italy, United Kingdom and the United States. This represents a dramatic rebalancing of global economic power” (HDR 2013a:2).

However, respondents from the South argued that there had been changes, but not real changes on the ground: *“if you go to most African countries the challenges on the ground have not changed for the last 30 years”* (LDC, respondent P). The view presented is characteristic of the G77 (this will be further discussed under Productive power). A Northern expert who viewed the comments conveying that there had been no change uttered *“this is wrong, there has been strong growth in Africa in recent years”* (Expert Skogmo). Hence, one cannot argue that nothing has changed on the ground. The HDR (2013a:3) argues that the LDC “pace of change is slower” than for the larger developing countries. In short, this conveys the perspective and sentiments of the North. The B-group argues that the world has changed and that the negotiations must reflect this. Several respondents from the North and the South exemplified the contending ‘North and South narratives’ by explaining what happened in UNCTAD XIII. In Doha 2012 the most salient issue concerned whether the larger developing countries, namely the BRICS (Brazil, Russia, India, China and South Africa), should be labeled ‘emerging economies’ instead of developing countries. A respondent explained that in UNCTAD XIII the message from the North was that *“some of the bigger developing countries should assume the burden that the B-group has taken in the past”* (UNCTAD staff, Respondent I). The developing countries perceived this message as the North abandoning their commitments before they were even realized.

Conflicting world-views are intensified when the coalition base their positions on different sets of information. Rothstein underlined in 1984 the difficulties of “in-house research” that is “designed primarily to backstop established policy” (Rothstein 1984:759). This type of research makes it harder to create consensual knowledge as “it starts from a single point of view, while consensual knowledge is most likely from institutions that have both sides’ confidence and trust” (ibid). Today, both coalitions have information from different organizations, which some may argue back up their established policy. G77 has the South Centre and UNCTAD who provides information and suggestions for positions. However, the B-group members get information from the OECD or from their ‘in-house research’ at capital

level. What the BRICS countries base their positions on remains an open question. Rothstein's descriptions of the difficulties that complicate the creation of consensual knowledge seem to be relevant explanation factors today as well.

On the other hand, one may also argue the opposite. There has been a change in the external factors that influence consensual knowledge. The world economy is moving away from the "extreme liberalism" that influenced development until the financial crisis hit in 2008. After the crisis there has been a new recognition that the state and political systems should play a larger part and have more responsibility in relation to the economy. This recognition should have had an influence on consensual knowledge in the negotiations in UNCTAD. The respondents from the UNCTAD secretariat and G77 expected the negotiations during UNCTAD XIII would go more smoothly because of 'possible increased consensual knowledge on behalf of the B-group': *"I would have expected these countries would push for a new agenda which would have resulted in richer outcome in UNCTAD XIII. What was interesting was that we instead witnessed a hardening of positions"* (UNCTAD staff, Respondent I). He argued that this was not only restricted to UNCTAD and argued that the same was seen in the RIO+20 negotiations. He suspected that the withdrawal into conservatism was due to a *"human tendency to retreat and grab onto the past when the world is changing around you"*. Unfortunately, this trend *"complicates tremendously North-South dynamics and the possibility to create a common understanding"* (ibid).

6.1.4 Contending perceptions within the G77

There are not only different perceptions of the world between the North and South coalitions, but also within the G77. The LDC have a different view than the MIC in G77. According to my respondents from the South there were tensions within the G77 relating to what they meant UNCTAD should focus on. However, one respondent from the South argues that *"there are different perceptions of the issues, but within the G77 there is strong consensus about the basis of the negotiations"* (MIC, respondent O). In UNCTAD XIII the G77's basis was *"to deal with the financial crisis, aiding the multilateral system and technology transfer"* (MIC, respondent O).

Rothstein (1984:737) pointed out that the G77 is a heterogeneous grouping, yet he does not delve into the contending perceptions within G77. Righter (1995:97) argues that one has come to think of “confrontation as almost synonymous with third world identity”. However, an observer nuances this perception. He states that because the developing countries are so different *“the only thing the G77 can agree on is what they don’t like and what they want to block, so they come across as incredibly obstructive. But it is not so much because they are obstructive, it is just they can’t get together on anything that is constructive”* (NGO, respondent N). Rothstein (1984:736) argued that the G77 had a tendency to end up in a “group position which merely sums all demands, is impervious to knowledge and learning, not to mention genuine bargaining”. This seems to still be the case. An expert exemplified these cleavages within the G77 with his experience from the 1990’s where he noted a significant frustration in the LDC group within the G77. The LDC group argued that they received little priority by the UNCTAD secretariat, which consisted mainly of Latin American MIC. The expert argued that this was the reason why a special LDC coordinator, OHRLLS, was established in New York to focus on only the needs of the LDC’s and other vulnerable groups (United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States)²² (further discussed under the heading Intra-block power).

6.1.5 Consensual Knowledge – Summary and Conclusions

The tentative conclusion based on secondary literature (in 3.3.1) became more nuanced after I had gathered empirical information. Consensual knowledge in most GCD processes develops over time and is an iterative process. It is not surprising that UNCTAD lacked consensual knowledge during its rise. However, most organizations have built-in mechanisms that are supposed to create consensual knowledge over time (cf. UN Framework of Climate Change Conventions (UNFCCC)). Thus the importance and need for consensual knowledge will increase the longer one has been in the GCD process.

Most often it is the role of the secretariat to function as ‘brokers’. This mechanism was lacking because during the rise, UNCTAD was first and foremost meant to “articulate and

22 More information about OHRLLS visit <http://www.un.org/special-rep/ohrlls/ohrlls/aboutus.htm>

aggregate” the demands and ideas of G77 (interplay between consensual knowledge and institutional capacity). In this context there was less focus on *knowledge* and it was more a question of what type of perspective one uses (*cf. 6.1.3 Contending North-South narratives*). Consensual knowledge is highly correlated with problem malignancy. When combining this with ideological posturing it becomes difficult to create a common platform. Yet, there has been consensual knowledge in UNCTAD on some issues (*cf. 6.1.2 Practical and sensitive issues*).

Several other negotiation forums had been created since UNCTAD’s establishment. In the competition for attention, these forums became prioritized, i.e. WTO (*cf. 6.1.1 uncertainty of knowledge and the vicious cycle of deprioritization*). Thus interns and junior level diplomats were sent to UNCTAD.

Regarding the tentative conclusions, both Righter and Rothstein were correct. Righter managed to explain that consensual knowledge was not decisive in UNCTAD’s rise. While during the fall it became clear that the reason one could not achieve concrete results was because one lacked consensual knowledge supporting Rothstein’s view of the importance of foundation of consensual knowledge.

6.2 Problem malignancy

“To discuss a mandate can be argued to be a concrete issue. Nevertheless, through the institutional system in UNCTAD one manages to create North-South confrontations over nothing and this in a time where the North-South divide has become anachronistic”
(Expert Lunde)

Respondents from the North and the South were concerned with the future of multilateralism. One observer states, *“I think multilateralism is in deep trouble. Especially multilateralism that deals with problems that are global in nature and where the solutions require economic adjustment”* (NGO, respondent N). This statement conveys that some global problems are more difficult to solve than others. “Problem malignancy” as a variable is used to better understand the challenges facing UNCTAD. It must be noted that Underdal (2002) proposes the variable of problem malignancy to deal with concrete problems, like the climate change regime. During UNCTAD’s rise one negotiated global problems relating to

trade and development in UNCTAD (IPC and GSP)²³. After UNCTAD lost its negotiation mandate to WTO, UNCTAD's negotiations have been described as "inward-looking". Thus, problem malignancy in UNCTAD today relates mostly to UNCTAD's own mandate.

Problem malignancy relates to how one can solve a given problem. It focuses on the political aspects of collective action problems. In other words, political malignancy is a "function of the configuration of actor interests and preferences that it generates" (Underdal 2002:15). If actors have the same, identical preferences, then it will be considered to be a perfectly benign problem (ibid). The more contrasting these preferences become, the more malign is the problem (ibid).

In this section I will use Underdal's definition of problem malignancy as function of incongruity, asymmetry, and cumulative cleavages to analyze the different aspects of this variable (Underdal 2002:18).

6.2.1 Incongruity

"The fundamental dilemma lies in the fact that UNCTAD is set up to defend developing countries interests and it is funded by the rich countries. That just doesn't work"
(NGO, respondent N)

Incongruity refers to problems where "cost-benefit calculus of individual actors is systematically biased in favor of either the costs or the benefits of a particular course of action" (Underdal 2002:17).

During UNCTAD's rise (phase 2), the demands of NIEO took place in a forum "where the cards were stacked against those effectively in charge of world economic management (and those who paid 98% of UN expenses)" (Bergesen and Lunde 1999: 54). This is a good example of incongruity during UNCTAD's rise. Yet, incongruity is still a relevant feature in the negotiations witnessed today in UNCTAD. An UNCTAD employee states, "*here in UNCTAD those who pay my salary are not the same whom I am supposed to work for*" (UNCTAD staff, respondent L). It is mainly the developed countries that pay for services that are focused on the developing countries. An expert noted that over 60% of UNCTAD's budget is covered by

23 For more information concerning the negotiations of General System of Preference (1964-1970) and Integrated Programme of Commodities (1974-1980), see Williams (1991).

the UN's regular budget. This was ensured by the developing countries in the 5th Committee in NY, which is the Committee of the General Assembly with "responsibilities for administration and budgetary matters" (UN ND). The rest of UNCTAD's budget is financed through extra-budgetary resources (UNCTAD 2012b). Therefore it is mainly technical cooperation activities that are covered by voluntary contributions/ extra budgetary funding mainly from the North. Mehta (in CUTS 2012:14) argues that "contributions are made according to what they can afford and they [the North] do it because of their moral responsibility". He also underlined that even though the developing countries do not contribute in cash, they contribute "in kind" (ibid).

The general topic that is discussed in each of the quadrennial conferences (especially in phase 3, 4, and 5) is the size/breadth of UNCTAD's mandate and Terms of Reference. The main discussion is between the developed countries that want UNCTAD to have a smaller, more specialized mandate, while the developing countries want UNCTAD to do more, have a broader mandate and more resources. However, several respondents from UNCTAD explained that someone must pay for the broader mandate. One observer wants UNCTAD to reduce budgetary support from the OECD countries to 25%, which means members from the G77 must cover the rest. However, an UNCTAD employee argues, *"in terms of fundraising, we have tried to contact emerging countries in the G77 and different foundations, but it has not worked"* (UNCTAD staff, respondent H).

Agenda sprawling - A standard UN game

To fight for a broader mandate is 'business as usual' in a UN context. One observer argues that *"All the conferences are about securing a mandate. That's how the UN works. So the bigger mandate you get, the more funding you can claim"* (NGO, respondent N). With this type of pragmatism one can easily fall into the trap of "agenda sprawling" which is a term coined by Brunsson (2006)²⁴. Agenda sprawling in UNCTAD increases the costs for developed countries. This means that developed countries will be systematically in favor of fighting for a smaller mandate, while the developing countries will take the opposite stance.

24 An expert noted that in the UN lingo a similar term is used; "mission creep". According to Wikipedia (2013) "Mission creep is the expansion of a project or mission beyond its original goals"

Expert Skogmo pointed to a dilemma in the multilateral development system relating to the mandate and expectations; should it be a promoter of global goals and priorities, as determined by governing bodies at the global level? Or should it primarily be demand-driven instrument for developing countries to fulfill their particular needs and to fill gaps at the country level? In line with the principle of country ownership, developing countries often expect the development agencies to respond to their demands, even if those needs transcend the core mandates and priorities of the agencies involved. The same dilemma is present in the WB, and has come up, for instance, in discussions about an agreed division of labor between the WB and UN institutions. Developing countries had argued that they expected the WB and the UN system to be at their disposal at the national level to be used for functions that are important to them; “we are after all the recipients”. The North and South, as owners of the multilateral system, are pulling the multilateral system in different directions. One LDC respondent argued that the best solution is if UNCTAD could tailor a work programme that would address all the specific problems in his country, and then create ‘recommendations for improvements’ that the UNDP could implement at the national level. Expert Skogmo argued that *“this is a dilemma that the multilateral system probably has to live with and to survive it must balance these opposing needs”*. From the view-point of Western countries, the emphasis on global goals and sticking to agreed priorities is important and will not go away.

6.2.2 Asymmetry

Whereas incongruity deals with a biased cost-benefit calculus for a certain course of action, asymmetry refers to the actors’ values that are “incompatible or their interests are negatively correlated” (Underdal 2002:19). My respondents argue that there are conflicting interests and views on “how development can and should happen”. The coalition structure polarizes the opinions and interests between the two blocks. What further complicates this process is the deep mistrust between the North and South.

There are some fundamental values that are shared between the developing and developed countries; *rich and resourceful individuals (or states) should help poor individuals (or states)*. The values are based on the idea of charity and are visible between and within the North

and South. However, UNCTAD and G77 approached this issue more along the lines of a confrontation, i.e. *"the countries in the North and the status quo can be blamed for our countries underdevelopment"*; this changed the whole atmosphere. During the 1970's (phase 2) this was the case and an ideological divergence between developed and developing countries could be witnessed. G77 wanted a revision of the international economic system where one would replace the Bretton Woods system which had benefited the developed countries that had created the system. NIEO functioned as a set of shared values and demands among the developing countries, but must be understood as an idea on several levels (Cox 1979:258). NIEO can be considered to be the "specific demands and consideration embodied in an impressive range and number of official documents adopted by international conferences" (ibid). At a second level, NIEO can be viewed as negotiation process involving the North and South. The third level concerns the debate triggered by NIEO about the "real and desirable structure of world economic relations" (Cox 1979:259). Finally, the fourth level of NIEO is the debate concerning the "form of knowledge appropriate to understand these issues" (ibid). In other words, NIEO challenged "the intellectual hegemony of liberal economics and its claims to "rationality"" (ibid).

The negotiations concerning the Integrated Programme for Commodities (IPC) from 1974 to 1980, is an example of specific demands negotiated in international conferences. Williams (1991:158) underlined the limits to G77's cooperation even in relation to more "concrete negotiations" by using the IPC negotiations as an example. G77 was meant to be an "instrument negotiating regime change" and the institutional mechanism is "adept at reconciling divergent interests among its member states" (Williams 1991:158-159). However, these negotiations highlighted that in cases "where the simple dichotomy between the North and South is replaced by producers and consumers the G77 ceases to have a defined role" (ibid). Thus, G77 cannot perform this role when the "distinctions between the group members and non-members are eroded" (ibid).

Consequently, it becomes clear that there are elements in the GCD procedure and institutional mechanisms that can aggregate the problem malignancy. For example, Walters (1972:832) argues that in the UNCTAD negotiations "Group cohesion Between LDC had typically been maintained by the practice of aggregating interests at the highest common

denominator in order to satisfy the demands of all the LDC [...] the Western group position usually crystallizes along the lowest common denominator at which all states agree to give only what the most reluctant among them will allow". How can one foster consensus when one coalition is centered on the lowest common denominator, while the other coalition is centered on the highest common denominator? Law of the least ambitious program (Underdal 1980:36) is tightly linked with all of the historical phases of UNCTAD.

One respondent from the South argues how difficult it was to negotiate in plenary because, in theory, as a *"lead negotiator you have to represent 135 countries"* (UNCTAD staff, former lead negotiator of G77, Respondent I). This makes it challenging to have real negotiations, as there are so many interests to take into consideration. He further argues *"in plenary you are conveying to your constituency that you can trust me in doing a good job on your behalf"*. Therefore negotiations in plenary are less likely to succeed; *"that's why most breakthroughs and agreements are reached privately because then you can be more constructive/more candid"* (ibid). He also noted that when resources are cut at delegation level, diplomats do not have the time for informal talks outside the plenary. This is a factor that may decrease the chances for reaching consensus in negotiations.

UNCTAD has moved away from NIEO. The main goal of UNCTAD, according to respondents, is to enable developing countries to develop. There should be no disagreement in values or interests between the North, which is financing projects, and South which is interested in becoming developed. However, there are *different opinions on how UNCTAD can help in this process*. The North believes in a specialized mandate for UNCTAD that does not go into the areas of other institutions (like UNDP, WTO, and WIPO). This will avoid "double work". UNCTAD's work should focus on practical and technical issues in the developing countries and achieve results on the ground. The South however, believes one must address the underlying systemic issues in our globalized world.

What complicates the negotiations about "how to make development work" is the deep mistrust between the North and South. It seems like the coalitions always misinterpret the other coalition's interest or agenda. One observer argues, *"the developing countries no longer believe that the rich countries are keen to see them develop"* (NGO, respondent N). The observer exemplified how mistrust between the North and South functioned in the

negotiations: *"when the US proposes something the assumption is that it is a wicked attempt to undermine development, and when the developing countries propose something it is taken as a clever game to try and maneuver and blackmail everybody into giving them more money"* (ibid). He argued that there was no trust left in the UN-system and compared the North and South to a married couple on the edge of divorce *"there is just nothing you can say or do to change their minds"*.

6.2.3 Cumulative cleavages- the contamination effect

Cumulative cleavages are defined as "the extent to which parties find themselves in the same situation on all dimensions or issues, so that those who stand to win (or lose) on one dimension also come out as winners (or losers) on the other dimensions as well" (Underdal 2002:20). When dealing with multidimensional problems, cumulative cleavages are often an additional source of complication.

The block system and constellations of developed versus developing countries tend to occur in many GCD processes that address problems with an economic core²⁵. Thus, one has multiple games on different issues (multiple arenas, i.e., negotiations), but with the same players (developed vs. developing). Concepts, policy goals and knowledge in one game can be transferred to another game. UNCTAD is interesting as a case, because it serves as a forum where one can question the status quo, it lacks enforcement mechanisms and where there are few active participants. During UNCTAD's rise, NIEO and the block structure of UNCTAD were examples of this.

Ideas and institutional mechanisms discussed and agreed upon in UNCTAD can be transferred to other forums where they can do "more harm". For example, if something is agreed upon in UNCTAD and becomes published as an "Official UN agreed text" this can easily be transferred to another UN arena under the flag "coherence". This is a strategy used both by the North and South. Kellow (2012:340) viewed this strategy in a positive light as entrepreneurial actors can use multiple arenas to promote policy goals and consensus, thus

²⁵ Interestingly enough, in GCD relating to Women's rights (i.e. topic with a normative core) one has witnessed crosscutting alliances between the blocks of the North and the South.

creating a type of “coherence” in the messiness that prevails in different areas of global governance (Kellow 2012:340). In the case of UNCTAD, however, the cumulative cleavages and multiple games serve to make the negotiations even more rigid. This is due to mistrust and fear of contamination to other forums.

An example of an attempt at “contamination” was the concept of “emerging economies”. Respondents from the South referred to Doha XIII where Brazil and China became very active on this issue in UNCTAD. The BRICS countries are not afraid of being labeled “emerging countries” in UNCTAD, but they are afraid that this term will spread to other negotiations like the UNFCCC and WTO. If the concept was spread, it could be argued that they had to contribute more financially. One observer argues *“Being a developing country or a member of G77 has a political importance in UNCTAD. In WTO it has an economic importance - it is better to be a developing country because you will get better treatment, therefore countries will have economic incentives to be termed as ‘developing’”* (UNCTAD staff, respondent H). Another respondent echoed this sentiment *“China and Brazil are playing on both sides of the street. They are rich countries when they want to be, and poor countries when they want to. They have an interest of staying in the G77”* (NGO, Respondent N).

Another respondent referred to the widespread perception that some of the BRICS countries are often «hiding» behind the G77 in situations where they could have assumed leadership for more constructive solutions. The defensive position witnessed in UNCTAD XIII is another way of saying “we will not take responsibility” and “we are not ready to take responsibility” (Norwegian MFA, respondent A). This was considered to be a major challenge in the multilateral arena.

6.2.4 Problem malignancy– Summary and Conclusions

The tentative conclusion based on secondary literature (in 3.3.2) corresponds well with the empirical accounts. Problem malignancy has changed character since UNCTAD’s establishment. During UNCTAD’s rise there were negotiations dealing with concrete problems; these negotiations exhibited the different components of malign problem. When

the attempt to negotiate the regime of NIEO failed, the whole forum of UNCTAD changed character.

Today UNCTAD's negotiations deal with another problem, namely UNCTAD's own mandate. Still, all the features of a malign problem are relevant. The main issue that makes the problem malignant whittles down to who is responsible and who should pay for services and projects targeting developing countries (cf. incongruity- Agenda sprawling). The GCD process in itself influences the malignancy by affecting the Asymmetry (through the group system structure) and cumulative cleavages (thought the effect of the contamination scare).

6.3 Institutional capacity

"The group system is more conducive to confrontation than it is to serious negotiation, and the maintenance of cohesion within groups often appears to take priority over the securing of concrete results from negotiations between groups" (Walters 1972:832)

"The UNCTAD formula" accepted the existence of coalition "blocs" in negotiations (Righter 1995:103). However, the formal division proposed by UNCTAD was four groups that were divided in accordance with geographical and socio-economic criteria. G77 consisted therefore of members from group A (African and Asian states and Yugoslavia) and C (Latin American and Caribbean countries). The OECD membership coincided with the division of the B group (the developed market-economy countries), thus the B group answered the demands from G77 in a "collective fashion" (UNCTAD 2006:9). Group D (the socialist countries of Eastern Europe) would support the G77 against the B group (ibid). The process of block negotiations served to reinforce the members of each group of their own "common understanding and diplomatic stance vis-à-vis other groups" (ibid).

The G77 block had a strong connection to the secretariat of UNCTAD. According to Walters (1972:821) "the clearest manifestation of UNCTAD's role as an interest articulator on behalf of the LDC was the abandonment of the traditional concept of a neutral secretariat for an international organization". The biased secretariat was a rather unique organizational feature at the time of its establishment, and a western diplomat uttered during an UNCTAD negotiation that, "this is not a secretariat- it's a sectariat!" (ibid).

With a biased secretariat and polarized positions it is difficult to reach agreement between the blocks, which is necessary when attempting to get concrete results. Phase 3 of UNCTAD's development, the 1980's, was characterized as the "lost decade for development" from a UN perspective (UNCTAD 2006:18). It was "arguably the lowest point in multilateral economic diplomacy" (UNCTAD 2006:19). Global conference diplomacy between the North and South had reached a diplomatic deadlock and the UNCTAD secretariat admitted that:

"A perceptible loss of confidence occurred in UNCTAD's role as a facilitator of consensus and conciliator of diverse views. Multilateral methods of dealing with international trade and development problems were eroded and several countries began to prefer a bilateral approach (UNCTAD 1994)".

It was also in this phase that the decision rule in UNCTAD changed. The decision rule is the most important determinant of institutional capacity to aggregate actor preferences into collective decisions (Underdal 2002:25). The function of a decision rule is to "stipulate conditions that must be met in order to arrive at valid collective decisions or social choices relating to issues falling within the competence of specific institutional arrangements" (Breitmeier et al 2006:114). The decision rule has changed from Most Favored Nation (MFN) (pre-UNCTAD), majority voting (militant phase of UNCTAD) to consensus (reformed UNCTAD). One respondent from the South argues *"the change in UNCTAD from being a negotiation forum to becoming a consensus building forum corresponds very clearly and cleanly with what was happening globally. That's because you can't ever detach anything from its environment"* (UNCTAD staff, Respondent I).

The decision procedure is very much linked to power. For example in UNFCCC one uses GCD and consensus; "most developing and many small industrialized countries continue to prefer consensus-based global diplomacy. For major players, however, club-like institutions such as the G-8 and the G-20 are becoming increasingly important" (Underdal 2012:6). Thus, the support of the current GCD mechanisms for aggregating and integrating preferences "seems to be strongest among its least powerful members". This has also been the case within trade and development diplomacy. WTO, IMF, WB, G-20 and G-8 are therefore institutions that the powerful actors are most favorable to.

According to UNCTAD's mandate today one can still vote, but consensus is followed in practice. Several respondents from the North told me that when there is a diplomatic gridlock, the G77 always starts discussing voting. According to a respondent from the South, one discussed using a majority vote in UNCTAD XIII. The gridlock was due to the text to "Reaffirm the Accra record"²⁶.

Using voting would indirectly defeat UNCTAD's purpose of being a consensus-building forum. One observer argues *"There is no point of voting in UNCTAD, do you have votes among the prisoners in a prison about how the prison should be managed? The developing countries can vote all they like, they are not going to have a say. So there is a vast majority of developing countries in UNCTAD and they vote by majority that the US should contribute twice as much as they are contributing? Voting doesn't work in this setting!"* (NGO, respondent N). In other words, in a setting where there is a strong negative correlation between power in the basic game power and power in the decision game, one may get declarations and "results on paper", but little will lead to substantive changes in practice and behavior.

In connection with problem malignancy, Underdal (2002:28) postulates: "the more malign the substantive issues to be dealt with in a particular institution, the more difficult it will be to reach agreement about the shape of that institution and the weaker and more constrained it is likely to be". This sums up what has happened in UNCTAD over the years.

There was one observer who criticized the role of UNCTAD as an actor and UNCTAD's institutional design. *"It would have been much easier to find a consensus if the coalitions weren't so damned polarized, and they are polarized in part because UNCTAD doesn't do its job in finding the middle ground. UNCTAD still sees its role as the spokesperson of G77"*. (NGO, respondent N). However, others argue that the failure of the conferences cannot be blamed on the secretariat; it is the member states that are responsible (Briggs in CUTS

²⁶ The respondent argued *"the developing countries wanted to reconfirm the Accra record, because it is a broader mandate, while the B-group wanted a mention of the Joint Inspection Unit (JIU) report. So instead of a majority vote, we ended up with a tradeoff; we mentioned the JIU report and we reconfirmed Accra"* (MIC, respondent O). JIU conducted an evaluation where it reviewed the management and administration in UNCTAD in 2012. It was very critical and became a salient topic in UNCTAD XIII.

2012:16-17). “The Secretariat will behave as the way the Masters would want them to” (Bhaumik in Cuts 2012:33).

Another critique was voiced by an expert who believed that UNCTAD did not manage to find topics where there was enough ‘common ground’ before the initiation of the conference began. Thus, when the “specific function of the forum” was not supported by the North, it became more difficult to agree upon the institutional rules of the game. Expert Lunde argues, *“A lesson learnt from the UNCTAD experience is that one needs a broader consensus concerning the main philosophy of the conference and established rules of the game on how one can reach agreement. This was lacking in the NIEO campaign in UNCTAD’s rise”*.

6.3.1 Institutional capacity– Summary and Conclusions

The tentative conclusion based on secondary literature (in 3.3.3) corresponds to the respondents’ statements. Yet, the empirical accounts serve to nuance this conclusion. During its rise, UNCTAD had a strong biased secretariat coupled with a strong decision procedure with majority voting. A cohesive South coalition situated in a historical context of ideological unity profited from this institutional setting, at least in the decision game. UNCTAD had several declaratory resolutions. This served to boost UNCTAD during the rise. However, this did not last. When there was an absence of concrete results and lack of changes in the basic game, the secretariat of UNCTAD was pushed from being an aggregator on behalf of the G77 to become a facilitator for consensus-building. This conveys how the decision procedures and the strength of the secretariat are linked to the international political climate and by the power distribution among the players (i.e. correlation between institutional capacity (X_3) and Power (X_4)). The most powerful actors will always try to alter the decision-making rules in the decision game so they can enhance their influence.

It also becomes clear that GCD approach and coalitions structure have some inherent weaknesses; negotiations in plenary are less likely to succeed because the lead negotiator of G77 must attempt to represent and satisfy all his constituents. The possibility for a break-through outside the plenary becomes difficult when fewer diplomats are sent. It does not help when the few diplomats who are left are attending various side-events, which leaves less room for private and informal talk among diplomats. One respondent argued *“this trend*

will ruin multilateralism and widen the North- South gap [...] they don't realize that negotiations go beyond the negotiation room".

6.4 Power

Power is included in this thesis since it is such an essential part of negotiating and a good explanatory factor in describing the different outcomes of negotiations. This thesis uses different perceptions of power to be able to capture the broader image. This section will be divided into (1) basic game power versus power in the decision game (2) productive power and (3) intra block power.

6.4.1 Power in the Basic game versus Power in the Decision game

One salient feature is that there is asymmetry in the power distribution in the negotiations in UNCTAD (the decision game), coupled with asymmetric power distribution in the world as such (basic game). When the two games are incongruent it complicates the negotiation process and "is likely to be a good indicator for trouble" (Underdal 2002:31). This was confirmed by respondents from the South and North.

This distinctive feature of UNCTAD has also been captured by theoreticians like Gosovic who wrote that "the peculiarity of decision making in UNCTAD, compared to other international organizations, derives from the polarization between developed and developing states, and the disparity in economic and bargaining power between the two sides" (Gosovic 1972:269). This was an interesting feature of the early period of UNCTAD's history that even UNCTAD's own SG Ricupero noted in an official UNCTAD paper (UNCTAD 2004:xii). The North had the most basic game power; however they accepted that the international organizations distributed the voting power equally among all members (Krasner 1981:140). This is a fundamental rule of conduct between states which the UN is built upon. The strength of the UN is the global legitimacy that follows the rule that small and big countries have the same rights. According to Krasner (ibid) the North did not clearly see at the time that "an equal division of votes opened the opportunity for weaker states to enhance their influence and control within these institutions" (ibid). Hence, weak states could never have had an

influence on international behavior “solely through their utilization of their national power capabilities”. When treated as equals within the UN-system ‘restructuring the current the international order’ became an attractive foreign policy strategy for weak countries (ibid). In other words, the third world countries attempted to turn the institutions against their creators (Krasner 1981:120-121). By using majority voting in UNGA, the developing countries managed to create UNCTAD against the developed countries’ will.

There were external events during UNCTAD’s rise where players within the G77 managed to influence the basic game and which encouraged G77’s quest of NIEO. The Oil shock in 1973 was a power demonstration that fuelled the belief in commodity power, which further fuelled the belief in UNCTAD as an instrument to change the economic structures (see section 5.1.5).

“The North has a few tricks up its sleeve”

Nevertheless, the North is not powerless. Powerful members can obtain the results to their liking by controlling the negotiation process. For example, the developed countries have resources and can therefore influence the choice of a strong or weak leader of an organization. This is done by negotiating “package deals”. One observer claims, *“The rich countries want UNCTAD to have a weak leader so that UNCTAD doesn’t bother them; the developing countries are into the game relating it to other UN leadership positions. They don’t care if the leader is deaf, mute or retarded as long as it is the right person from a political point of view”* (NGO, Respondent N). Some respondents argue that this has even been a political strategy used in relation to the post of the UN Secretary General.

The respondents also mentioned underfunding as a strategy used by the North to reduce the organization’s capacity to enter sensitive and political areas or begin ambitious projects. Kellow (2012:336) also noted that the diplomatic strategy of using of “voluntary budgetary contributions to shape agendas” has received little attention in scholarly literature. As one observer stressed *“The EU and JUSCANZ both play their games with these organizations. I think the US would rather see UNCTAD go away, but it is not going to go away, so they keep it as weak and underfunded as possible, and prevent it from going into any areas that are sensitive”* (NGO, Respondent N). On the other hand, there is broad agreement among

member countries in the North who believe that UNCTAD has a very big budget compared to its task and compared to other organizations.

These examples convey “votes count, but resources decide” (Rokkan 1975). This underlines how diplomatic games do confirm the power balance. Another perspective within the negotiation literature is that “the very act of negotiating has the real effect of leveling the playing field, producing at least rough symmetry” (Zartman and Rubin 2002:4). One respondent argues, “*Negotiations are about reaching equilibrium. You have core objectives and then you have objectives that you can afford to trade off, internally and externally*” (UNCTAD staff, former lead negotiator of G77, Respondent I). The most important thing is to remember that “*diplomacy is about people*” he said (ibid). Therefore power is important, but when negotiating there is still just ‘people sitting in a room’ bargaining and doing trade-offs. This was also echoed by a respondent from the North who stated that “*There is no power in the negotiations, as they are being dominated by big blocks*” (Norwegian MFA, Respondent S).

Basic game power has changed- yet the decision game power is the same

In relation to basic game power one observer noted how the current international climate has changed: “*Before, the negotiations in UNCTAD were between the rich (western ship-owners) and the poor (commodity producers and exporters in the South). Now there are no longer the same gaps between who is rich and poor in the negotiations, you have no defined groups anymore*” (UNCTAD staff, respondent L). The observer further argues that change in the basic game must be reflected in the negotiation arena. “*In the WTO Doha round the countries had a certain picture in mind of what the world is like, but this did not reflect the reality. Today trade goes across the board*” he says (ibid)²⁷.

Righter (1995:95) argues the negotiations and coalitions today still reflect what the world looked like in the 1960’s and this is because there was something more than material interests that held the developing countries together, a type of solidarity. The developing

27 HDR (2013b:2) notes “between 1980 and 2010, Developing countries increased their share of world merchandise trade from 25% to 47% and their share of world output from 33% to 45%. Developing regions have also been strengthening links with each other: between 1980 and 2011, South–South trade increased from less than 8% of world merchandise trade to more than 26%”.

countries common position had roots in the ideological atmosphere of UNCTAD in the 1960's and 1970's, namely the NIEO ideology and the anticolonial symbolism. The common positions of the developing countries "were not bargaining positions in the western sense; they were not "tradables". They were articles of faith" (Righter 1995:95). Righter (ibid) argues that the ideological coalition served to politicize UN negotiations because "success was not measured in terms of agreements reached or missed, because agreement was not in the end the name of the game". In other words, "the posture of confrontation was more important than any concrete gains that might accrue from compromise" (ibid). How can one capture and explain this type of ideological bond? This thesis argues that "productive power" is a necessary theoretical tool to explain this.

6.4.2 Productive power

The concept of productive power is defined as "the socially diffuse production of subjectivity in systems of meaning and significance" (Barnett and Duvall 2005:43). In other words, productive power is attentive to how social processes affect an actor's system of knowledge and beliefs. Through social processes actors' "self- understanding and perceived interests" are shaped (Barnett and Duvall 2005:55). An example can be the concepts that my respondents from the South used to describe the B-group; "the West", "the North", "the industrialized economies", "the rich countries" and "the developed". All these categories of classification represent productive power "as they generate asymmetries of social capacities" (Barnett and Duvall 2005:56). This basic categorization indirectly says something about "the other", namely that the other countries are therefore: "the South", "the non-industrialized economies", "the poor countries" and "the developing countries".

Barnett and Duvall (2005:39) argue that disciplinary discussions in international relations tend to privilege and focus on a realist perception of power: "An actor controlling another to do what the other wouldn't otherwise do" (ibid). This perception of power does not capture a type of power which produces, through social relations, "effects that shape the capacities of actors to determine their circumstance and fate" (ibid).

The G77 was created in the midst of decolonization and liberation movements. Many of the third world countries were strongly inspired by the communist state-model with central

management and political control over the economy. It was these types of movements and ideological ideas that influenced the coalition. The cohesion of the grand coalition of 77 in UNCTAD I was “seen by all western delegates as perhaps the most significant political phenomenon of the last 20 years” (The Observer 1964 cited in Walters 1971:824). Krasner (1985) argued that the cohesiveness and unity of developing countries was a “product of their objective situation and subjective self-understanding” (cited in Keohane and Underdal 2011:55). This political energy and cohesiveness seems to have been generated by a “rare combination of dissatisfaction and self-confidence” (Keohane and Underdal 2011:55).

This cohesion is still relevant today. When I asked a LDC respondent why they stayed in G77 when they knew they would get more resources and support from the B-group outside the broad coalition he argued, “*The reason why the LDC is a part of G77, is based on ideological solidarity and commitment that was established in 1960’s and 1970’s*” (LDC, Respondent P). This statement conveys that interests are not the only decisive factor in maintaining the unity, because there is something ‘more’ that characterizes this coalition.

Productive power underlines that actions are not only shaped by interests and intentions. No one could predict and foresee what would happen and how UNCTAD and the G77 would develop over time. Both UNCTAD and the G77 have gone through an evolution and been influenced by various actors and ideologies. This has also shaped, and been influenced by, the connection to the B-group. Righter (1995:96) argues that the West did not understand the nature of the third world challenge. In other words, the B-group did not have an overview or proper understanding of what the establishment of the G77 and UNCTAD would do to the multilateral system. What I am attempting to argue through the use of productive power is that *neither did the members of the G77 coalition or UNCTAD*. The North-South rift has grown strong over time without anyone having an overview beforehand of its becoming, its expansion and its influence on multilateral negotiations (Jensen 2010:200). The intention and overview of this evolution can at best be described as “chaotic, or most likely absent” (ibid). Some processes are so complicated and fragmented that they cannot be reduced to mere intentions and interests; there is an element of *unpredictability*. This unpredictability has influenced and made possible the rise and fall of UNCTAD (plausible scenarios for UNCTAD will be outlined in section 7.3)

Belief systems

Productive power captures the “developed” and “developing” countries’ subjective self-understanding and explains how the developing countries managed to become a cohesive alignment. There are other academics who have attempted to explain the unity of the South. Stephen Krasner is one of them and he has a neo-realist approach. In his essay “Transforming International Regimes: What the Third World Wants and Why” he specifies that the unity was caused by a “widespread acceptance of a belief system embodying some of the precepts of dependency perspectives” (Krasner 1981:119).

When UNCTAD was established, a certain belief system was prominent. Namely, that underdevelopment in developing countries could be attributed to the ‘workings of the international economic system rather than the indigenous characteristics of their own societies’ (Krasner 1981:143). This belief system, according to Krasner, was “explicitly accepted arguments” amongst most developing countries. The belief system was also endorsed by “international organizations close to the Third World, such as UNCTAD and the UNDP, as well as by important groups with claims to speak for the North as well as the South” (ibid). Even though individual states rejected ‘radical’ dependency theories, they still lacked “a belief system to offer in its stead” (ibid). One can argue that through the belief systems one managed to assign guilt, which affected the concept of burden sharing in the multilateral system. At the global or international level, the Dependencia belief set “provided a unifying rationale for disparate Southern demands” (ibid). NIEO also triggered the debate about the “real and desirable structure of world economic relations” as well as challenging “the intellectual hegemony of liberal economics and its claims to “rationality”” (Cox 1979:259).

One expert claimed that the G77 and UNCTAD managed to influence the belief systems, but that the developed countries were not ‘overthrown’. The developed countries let it happen: *“It was easy to play along as there was a wave of colonial guilt in a time where developing countries were repairing from the damages. Therefore the western countries accepted the premises for UNCTAD; however they viewed the NIEO agenda as rather harmless. They knew the US would never agree to a global plan-economic- arrangement”* (Expert Lunde).

However, the “third World’s great upheavals” altered the political map and had great consequences for the UN system (Richter 1995:96).

Altering the rules of the game

GCD “calls for special and differential treatment” for developing countries. This was justified by the “contention that the South has been treated unjustly in the past” (Krasner 1981:143). The ‘Dependencia’ theories and a coherent intellectual orientation were “particularly important because of the strategy of using international organizations to promote meta-political goals” (ibid). Krasner’s concept of meta-political goals is the ability “to structure the environment within which decisions are made” (Krasner 1981:122). This can be done by defining issues and controlling the agenda, something the G77 managed to do in several multilateral forums. For example, the G77 managed to (1) build an institution like UNCTAD, (2) pick a strong and radical leader, Prebisch, (3) design “rules, principles, and norms” which coincided with their own interests. These are all good examples of an attempt to “alter the rules of the game” (ibid). These strategies are similar to the diplomatic strategies many respondents claimed that the North uses today in UNCTAD (see section 6.4.1). Krasner would therefore argue that the creation and the rise of UNCTAD was driven by *interest* and therefore a part of the “Third World efforts to enhance power through the transformation and construction of international regimes” (Krasner 1981:122).

Many of my respondents echoed the ‘belief system’ that was preeminent when UNCTAD was established. One respondent from the South argues that “*conditions of the past are still relevant today, and though some things may have changed there are underlying conditions that still are the same*” (Think tank, respondent D). One observer, however, was aware of the different ‘belief systems’. The observer argues that there are two ways to relate to the colonial history: “(1) *Underdevelopment is all the fault of the colonizers and now they should pay for everything they did to us*”. “*This has a rationale, but you may not live on this belief forever*”. The second perspective was “*We have to let go of the past and start acting for ourselves and not just wait for help*” (UNCTAD staff, respondent H). This last perspective does not defy the belief that “underdevelopment is caused by the workings of the international economic structure”, but it changes the way one should relate to the past.

6.4.3 Intra block Power in the negotiations

My respondents remarked on how intra block power within the G77 had changed over time. One respondent from the North argued that the Middle-Income countries traditionally have had a fairly dominating influence in UNCTAD, through countries like Sri Lanka, India, Pakistan and many Latin-American countries: *“It was a striking feature in my time, and the LDC were generally dissatisfied with the priorities given by UNCTAD to their special concerns. If the emerging economies - with their rapidly rising influence in the world economy - are willing to give real priority to UNCTAD in the years to come, this could possibly give new life and meaning to the work of the organization”* (Norwegian MFA, Respondent A).

However, the BRICS countries have not taken any formal or informal leadership in UNCTAD or the coalition of G77. Keohane and Underdal (2011:55) argue that “informal leadership” is necessary in a broad alignment. However, G77 was characterized in 1972 by “the absence of leadership by a big power” (Gosovic 1972:271). The literature has not focused on which countries that take a leading role within the coalitions. However, from my fieldwork it became clear that there are actors within the G77 and the B-group that have an agenda for being active and vocal, or to tactically keep a low profile.

Extreme actors exploiting the coalition structure

One respondent from the North who has been involved in UNCTAD for the last few years states that *“the G77 and China have extreme actors as spokesmen. Among the most active countries you find Zimbabwe, Cuba, Iran and China. These states are the political driving force behind much of the discussion. The rest of the G77 does not say much”* (Norwegian MFA, respondent S).

The respondent argues that this is not only restricted to the forum of UNCTAD, but is *“a general phenomenon that we see throughout the UN system when we engage the South in discussions”* (Norwegian MFA, respondent S). This was echoed by another respondent from the North who stressed *“there are many examples within UNCTAD where the formal position of developing countries has been dominated by the more radical forces and that UN bodies have been used as an arena for posturing and profiling of extreme positions and of group interests”* (Norwegian MFA, respondent A). He argued, on the other hand, that in recent

years there are more examples of diversification of interests between the developing countries, and that other groups – including regional groups – seek closer cooperation. He hoped this *“could make it easier to establish alliances across the different groups to find concrete solutions”* (ibid).

A respondent from the South underlines a different perspective that he acquired after the UNCTAD XIII conference. *“The main lesson I can extract from this process is that you only have a few active participants. It doesn’t matter if you are a big country or have a stake in the issue discussed, what matters is that you have the time and ability to push for your idea. Then it is very likely that you will manage to achieve some of your objectives in the end”* (MIC, respondent O). This statement supports the argument in the literature that negotiations *“level the playing field”*.

The power vacuum within UNCTAD is most likely caused by the fact that little significance is attached to UNCTAD as a forum. This, however, makes the forum very vulnerable to ‘extreme actors’. For example, Iran has been an active and vocal participant in UNCTAD. A Respondent from the South told me about Iran’s involvement; he argues, *“I think that they take advantage of their participation in UNCTAD to push the developed countries in the negotiations for other reasons than trade and development. They don’t say it explicitly, but I can feel it”* (MIC, respondent O). He emphasizes that coordination within the G77 becomes difficult since Iran sometimes is strongly opposing certain issues, which are not important for the rest of the group. He explains: *“If one member is active and pushing for a certain position on an issue, then the whole G77 has to push for this in the meetings of UNCTAD”*. *“This is difficult, because it is not going to appear ‘Iran argues this’ in the text, but what will appear is ‘G77 argues this’ ”*. He believes that the motivation for extreme actors to *“push for things that they know will be difficult for developed countries to accept”* is to balance a dysfunctional *“bilateral relationship on the multilateral arena”* (ibid). In summary, it is a *“way of confrontation saying ‘that if you pick on us and do not leave us alone bilaterally, we are going to pick on you and not leave you alone multilaterally’ ”*. A respondent from the North underlines that *“The G77 has been important in promoting the key role of development issues in international affairs, it has, however, often had a polarizing effect on UN negotiations, making them time-consuming, cumbersome and sometimes unproductive.*

In the process, this has had negative effects on the credibility of the UN development system, creating perceptions of bureaucracy and inefficiency. As a consequence, the major powers have sought alternative channels to pursue the same goals” (Norwegian MFA, Respondent). An example is the consolidation of the G-20 outside the UN to address challenges in the global economy.

Radicalization has gradually damaged the international cooperation structure and undermined the structure’s legitimacy because radical countries are prioritizing their short-term interests (based on citations from Expert Lunde). Lunde exemplifies with examples from UNCTAD and in the HRC where: *“Iran, Venezuela, Algeria and before Libya made noise and contributed to an irrational and useless North-South confrontation that blurs and ruins for the developing countries actual interests. It can be compared to a hostage situation where radical developing countries manage to coup the G77 agenda”*.

As we have seen within the G77 there are only a few countries that are active. The respondent from the South believes this is a signal that the delegates lack time to follow up UNCTAD. Only the large countries with big delegations have assigned one person to cover UNCTAD. Brazil and China are in this position. However, this creates a problem for the coalition of G77 since *“this type of participation permits the most active countries to have a larger say”* (MIC, respondent O). At the end of coordination meetings *“the position of G77 reflects just the few countries that can afford to send delegates”* (ibid).

6.4.4 Power– Summary and Conclusions

The tentative conclusion based on secondary literature (in 3.3.4) corresponds to the respondents’ statements. The situation of UNCTAD today can be explained with a realist perception of power. On the other hand, without referring to productive power one could not have captured the concept of “othering”, the ideological unity that existed and still exists between developing countries and the idea of unpredictability of the outcome. The unity is more than mere national interests. It was this unity and the historical context which fuelled the belief that one could change the basic game through the decision game in UNCTAD’s rise. What will happen in the future relating to the unity and identity of the different fractions within the G77 will be interesting to follow. At the moment the African groups

(mainly LDC countries) are attempting to increase cooperation and solidarity. How this will affect the wider G77 (and especially China) remains to be seen.

The tentative conclusion misses an important aspect, i.e., that within the G77 there are power differences between the MIC, BRICS and LDC. Radicalization of the G77 is an element that was absent from the secondary literature (except when it referred to polarization in the group structure).

6.5 Summary of findings

This chapter has focused on independent variables that can be considered to be drivers behind the GCD process that lead to the rise and fall of UNCTAD. The different drivers have been examined one at a time with reference to secondary literature and empirical information obtained for this thesis. This exercise served to alter and nuance the tentative conclusions presented in chapter 3.

The analysis of UNCTAD conveys how a combination of *lack of consensual knowledge* (X_1), a *highly malignant problem* (X_2), *first biased then weak institutional capacity* (X_3) and a *highly asymmetrical power relationship in the basic and decision game* (X_4) is a damaging combination where the prospects of GCD look bleak, as the tool becomes inadequate and consequently leads to gridlocks. However, the appearance of one of these features in the GCD process (i.e. problem malignancy in UNFCCC) does not necessarily lead to failure and gridlock. It makes the GCD process harder, but future progress and possible success are still achievable.

This thesis argues that the following highlighted observations were some of the main components in explaining the rise and fall of UNCTAD. The main components capture how the drivers correlate and reinforce each other, which either serves to strengthen the GCD process (leading to success) or weaken the process (increasing the chance of failure). This is why UNCTAD could, with the same type of drivers, experience a rise and a fall. It was caused by the unique historical context during the time of its establishment. The main components will be further examined in relation to the potential of generalization in chapter 7.

(1) The Role of the leader and the secretariat in creating consensual knowledge *(Interplay between the variables of consensual knowledge and institutional capacity)*

This analysis conveys the interplay between the variables of consensual knowledge and institutional capacity in GCD, in other words, how the organization's leader and the secretariat are the main tools in promoting consensual knowledge on the topics discussed in the forum.

In relation to UNCTAD's rise one saw how SG Prebisch played a crucial role in shaping the organization and the ideology behind the G77. Joseph Nye ended his study by asking whether Prebisch's strategy (of using UNCTAD as a pressure group) will pay off in the long run. After extensive fieldwork and reading secondary literature I would have to argue that this strategy did pay off in the short run (creating the rise), but that it has not paid off in the long run. SG Prebisch shaped an organization that was not inclusive of the North and a secretariat that openly favored one coalition. This point is illustrated by Heinz Arndt (1987:141) who argued that UNCTAD functioned as a "trade union of LDCs, with a program of demands to the developed countries ready-made by Raul Prebisch". Even though consensual knowledge is often not present in the beginning of GCD processes, there should at least be some common agreement about the basic philosophy and rules of the game (i.e. decision procedure). *The idea of a biased secretariat that Prebisch promoted and was a part of has been UNCTAD's Achilles heel, boosting the rise and in increasing the fall.*

Several respondents from UNCTAD argued that a strong and visionary leader is missing today in UNCTAD. The choice of strong leaders is an important aspect in all GCD processes and organizations. However, it must be underlined that the leaders must be neutral and should be respected by both the North and South. Prebisch was a strong and respected leader, but he was not neutral. After my interviews it became clear that the choice of leaders is vulnerable to diplomatic games and power play.

(2) The amplifying effect of level of participation in a competitive institutional landscape *(institutional capacity and features of the GCD process)*

Geneva has become a fragmented institutional environment with an increased number of multilateral actors competing for attention from the member states. As the institutional landscape has expanded and become diversified, the delegations have less resources and

personnel to follow up. In this setting the *level of representation* becomes an indicator for prioritization.

During UNCTAD's rise there were fewer organizations and conferences. Ambassadors and well-known experts would attend the UNCTAD negotiations and conferences, which boosted the importance and belief in the GCD process. This can be argued to be a *positive circle of momentum*. When Western countries began to send their experts and ambassadors to the WTO and other forums and their junior diplomats and generalists to the UNCTAD negotiations this changed. The term *Forum shopping* becomes relevant in this context as Western countries were "seeking to realize their policy objectives within preferred policy arenas on the basis of an arena's particular governing characteristics" (Murphy and Kellow forthcoming). In other words, they selected "the forum that best suited their interests" (Kellow 2012:333). For UNCTAD this was the beginning of a *vicious circle of deprioritization*. This process of giving less priority to UNCTAD became even more evident when young, inexperienced interns were sent to attend the meetings. Interns are meant to passively write minutes and quietly sit behind the country flag. Thus, the quality of negotiations and meetings drops. It also makes it easier for more radical countries to influence the content of the outcome documents and the agenda. Sending interns has an amplifying effect, a type of *race to the bottom*, as other member countries will also adjust their level of representation, leading to passive negotiations with few decision makers.

Hypothetically, if UNCTAD was located in a different institutional landscape than Geneva would the same development have happened? Most likely it would. UNCTAD would still experience a deprioritization over time. One could argue that the *amplifying effect of the level of representation and a competitive institutional landscape* intensified the trends that were already there; therefore, sending interns in itself is not the cause of UNCTAD's fall. In this case, observed change does not capture the underlying variable that affects my dependent variable. This is a good example of a spurious correlation²⁸. The question becomes what the underlying variable is. An expert argued that '*internization*' and the lack of resources at delegation level covering the day-to-day meetings is a *symptom* of an

²⁸ Hellevik (2002:60) defines a spurious correlation as an apparent causal relationship between X and Y that is due to an underlying or confounding variable Z

underlying problem in relation to the deprioritization of UN forums. UN forums have become the means or arenas of meeting other countries and initiating closer bilateral dialogue, but the UN forum in itself is therefore less focused.

There are problematic effects of reduced personnel at the UN-delegations who handle day-to-day meetings and the negotiations leading up to the conferences. Some experts argued that this is especially prevalent in the Northern delegations that are put in a position where they *must respond rather than to initiate*. This is something that corresponds strongly with my own experience of being an intern for the Norwegian Mission in Geneva. Another effect is that less resources and personnel results in less time that can be used to have informal contact with delegates from other coalitions. One respondent argued that a prominent feature of the North- South dialogue is that most breakthroughs happen outside the plenary. However, one may distinguish between “inclusive Informal talk” among the members of each coalition, where one ‘talks to as many as possible’ in the meetings leading up to conferences, and at the conference itself. The goal is to achieve ‘broad consensus’, maintain constructive dialogue and keep the lines of communication open. “Green room diplomacy” on the other hand, is more exclusive and it is mainly the “big hitters” (i.e. the powerful or influential players) that have an informal group discussion; then they go off and build a bigger consensus and eventually everything is brought back to the plenary (cf. green room practice in COP 15)²⁹. Many NGOs express concern over this practice as it excludes the interests of the smaller developing countries (RORG 2005). In any case, personnel are needed in the negotiations and in the informal talk outside the plenary in order to reach consensus.

Then again, at the high level conferences there is a horde of diplomats and politicians (cf. Gahr Støre’s concept of *summit mania*). Andresen and Underdal (2012) argue that there are diminishing returns of the human and financial resources spent on high-level conferences (in this case the Rio+20 GCD process). This is because of the inherent strengths and weaknesses of the GCD process; “GCD is an effective tool for setting agendas, learning and establishing

²⁹ One respondent noted that one of the reasons why the green room practice did not work in COP15 in Denmark was because one brought a Geneva modality to an NY atmosphere. In NY all participants wants to “be in the room”.

an institutional setting for further negotiations” (ibid). This has been done in relation to climate, but now one needs implementation and action, which proves to be difficult through GCD (further discussed in 7.2).

(3) Power and players in the decision game and basic game (*Power correlating with institutional capacity and problem malignancy*)

In all UN organizations with universal representation there will always be a difference in basic game power versus decision game power. In UNCTAD there is asymmetry within the basic game, and asymmetry within the decision game. A further complication is that there is incongruence between the two games.

The more asymmetrical the power distribution in the decision game versus the basic game becomes, the more difficult it becomes to create consensual knowledge among the major players. This was the case in UNCTAD where G77 were rich in numbers, but poor in resources, while the B-group was the minority but had the most control over trade.

The block structure created in the time of establishment of UNCTAD served to aid and boost the G77’s decision power and momentum in the negotiations. The block structure can still be witnessed in several forums today. However, during UNCTAD’s fall it became evident that this coalition structure was vulnerable to the law of the least ambitious program, as well as ‘radicalization’ (asymmetry). This was especially apparent in the broad coalition of G77. Another effect of having the same coalition structure and power constellation in different forums is that it increases the chance of “*the contamination scare*” (cumulative cleavages). This is especially relevant regarding questions, concepts and perspectives that deal with burden sharing (incongruity). Agenda sprawling is visible in UNCTAD. Concepts like “emerging economies” may have a price tag in another forum and this makes countries cling to their North-South narratives. In other words, it becomes clear that an asymmetric power relation aggravates the problem malignancy.

Players who have the most power in the basic game can play diplomatic power games. In other words, powerful players may influence and alter the institutional capacity of an organization (i.e. the strength of the leader and secretariat and the decision rules). This conveys the interplay between power and institutional capacity.

7 Reflections concerning the prospects of Global Conference Diplomacy

*“An ambassador told me that ‘All negotiations are different, but they have similarities. The trick is to zoom into the similarities and use that as the point of departure’
(UNCTAD staff, former lead negotiator of G77, Respondent I)*

This section addresses the secondary research question; *“What does the analysis of UNCTAD tell us about the prospects of success and failure in Global Conference Diplomacy in other UN organizations”*. It is beyond the scope of this thesis to generalize the findings related to UNCTAD and GCD as a method to other UN-organizations in a justifiable manner. However, this chapter will reflect on the potential for generalization and relevance of my three main observations. First I will briefly present some general lessons learnt from UNCTAD (section 7.1). A system of generalization will be included to be able to convey the relevance of this thesis’ findings to other UN-organizations that share similar characteristics (in section 7.2). Section 7.3 will outline two plausible scenarios on the basis of Underdal’s article on GCD strengths and weaknesses. A best-case scenario and a worst-case scenario will be presented, each referring to UNCTAD.

7.1 What can we learn from UNCTAD?

The analysis of UNCTAD in chapter 5 and 6 tells us that the *historical context and the international political climate that the GCD process is situated in* has a strong impact on the prospects of GCD as a diplomatic method.

The case of UNCTAD displays that the *unique institutional feature of a biased secretariat* that does not represent the members will not be able to reap rewards and access all the strengths of GCD as a tool. This conveys the importance of a representative and a neutral secretariat in multilateral institutions. In UNCTAD’s case it was the North that felt excluded, but in most of the Western based institutions it is actually the South that the secretariat fails to represent.

The analysis also conveys that North-South coalition structures have become more important than UNCTAD itself. In the words of Weiss, “participants sacrifice agreement with

the opposite groups in order to maintain unity" (Weiss in Williams 1991:68). One could argue that the prospects of GCD would look much better if one could move away from the 'outdated' North-South rift from the 1960's and create crosscutting strategic partnerships in different topic areas.

The next section will explore the potential of generalization of the three main observations from my analysis. The observations are **(1)** The Role of the leader and the secretariat in creating consensual knowledge, **(2)** The amplifying effect of level of participation in a competitive institutional landscape and **(3)** Power and players in the decision game and basic game.

7.2 Potential for Generalization from UNCTAD

"UNCTAD is characteristic of what you are seeing elsewhere in UN system. The momentum in the world has drifted away from intergovernmental diplomacy" (NGO, Respondent N).

According to many of my respondents, UNCTAD is one of the most politicized forums in the UN. Some respondents argued that by studying UNCTAD one can shed light on some of the dynamics and unfortunate trends in the North-South dialogue³⁰. However, it must be noted that each international forum has its own characteristics: "They have different histories and cultures, memberships, voting rules, funding mechanisms, provisions for reservations to be entered, provisions for withdrawal and so on. Each makes different arrangements for the provision of technical or scientific advice and different provisions for participation by civil society" (Kellow 2012:337). Thus, if one were to generalize findings from UNCTAD to a broader universe of cases, must first identify the analytical scope of generalization. Since UNCTAD is a member of the UN-family, one may therefore distinguish between members of the UN-family and the 'exterior crowd' of organizations. In relation to each of these groupings some characteristics will be presented. Based on Williams (1991:86) one may generalize the findings in UNCTAD to other UN forums, these are:

(a) Close UN- family: *FAO, UNIDO, UNGA, ECOSOC, UNESCO, UNEP, the sustainable development conferences in New York, UNFCCC, WIPO, WHO, conference on*

30 Some examples are "agenda sprawling", "the vicious cycle of deprioritization", "radicalization of the UN agenda and coalitions" and the "the contamination scare".

disarmament.

(b) Broader UN-family: *WTO, IMF and WB, UN regional economic missions.*

(c) External multilateral family: *Regional organizations (OECD, ASEAN), regional banks, Groupings with limited memberships (G-20, BRICS).*

7.2.1 The Role of the leader and the secretariat in creating consensual knowledge

Based on my findings, it becomes clear that UNCTAD did not create a common platform where one agreed on *the main philosophy of the conference and rules of the game* in stage 1 of the conference (Initiation stage). This is not uncommon in the beginning of the GCD process, yet it is the role of the secretariat to create a common platform over time. This finding can be argued to be relevant for the (a) *close UN family*. *The close UN family is characterized by universal membership, one country-one vote, similar decision procedures i.e. consensus.* Some respondents argued that UNFCCC can be used as an example. UNFCCC had an institutional mechanism that managed to create consensual knowledge over time (Skodvin 2000). The secretariat included experts from different regions to become more representative of its members. The fact that the SG of UNCTAD and the secretariat were biased served to complicate the function of achieving consensual knowledge, even around basic principles. The importance of a representative SG and secretariat is also relevant to (b) *the broader UN family*. *One can argue that the organizations mentioned in the broader UN-family are attempting to find solutions to complex collective good problems that has an economic core and has a similar intergovernmental group structure where the cleavage is between North and South.* (c) *The external multilateral family* is part of the multilateral landscape and often becomes the preferred forum for powerful players (cf. Underdal 2012:6). However, the HDR (2013b:109) argues a representative secretariat and that the member countries feels “included” is relevant even for the (c) *external multilateral family*; “The Bretton Woods institutions, the regional development banks and even the UN system all risk diminishing relevance if they fail to represent all member states and their people adequately”. HDR (2013) referred here to the inclusion of the South. Ironically, in UNCTAD it was the opposite that was the case.

7.2.2 The amplifying effect of level of participation in a competitive institutional landscape

“The medium is the message” (McLuhan 1964)

Respondents argued that the institutional competition for attention is relevant for members in the (a) *close and (b) broader UN family*, where the outputs are mostly advisory and not mandatory³¹. Therefore, the appearance of young and inexperienced interns, especially over a longer time period, has become a sign of deprioritization. Whether member countries are aware of what type of signals they are sending by using interns is an open question. For example, Norway is attaching very much importance to the UN system and is investing a substantial amount of money and resources in the different UN- organizations. At the same time Norway is dependent on sending interns to meetings to cover the demand. For many organizations and other member countries this seems like a contradiction. Or it can be interpreted as an example of Norway “throwing money around, without having the personnel to follow up”.

The organizations in (c) *the external multilateral family* have a *club-like character*. This exclusiveness increases the level of representation and the importance attached to these forums. In this sense the club-like organizations experience less competition for attention from the universal membership bodies.

7.2.3 The relationship between Power and Players

The findings in UNCTAD related to asymmetry of power in the basic game and decision game and the consequences of this are transferable to organizations within the (a) *close UN-family*. This is especially the case with organizations that attempt to solve *malign problems* with an economic core that deals with a skewed cost/benefit calculus and asymmetry of values. In this setting the North-South divide seems to be the “natural divide”. Expert Lunde argued that it was *rational and understandable* that a North/South cleavage appeared, but it was not beneficial to the dynamic of the negotiations, he maintained.

31 Rollo (in CUTS 2012:19) argued that since UNCTAD’s advisory outputs are not mandatory it is competing with other providers like “the WTO, the IMF, World Bank and regional development banks, UNIDO, UNDP, UN Regional Economic Commissions, private and public sector research organizations, NGOs, some of which carry either big sticks (the IMF) or big carrots (the World Bank and the regional banks)”.

However, when looking at the (b) *broader UN family* the power distribution in the basic game and decision game change. IMF and the WB have an institutional system and capacity, which to a greater degree reflects the power distribution in the world (Bergesen and Lunde 1999³²). The “one dollar, one vote” system is meant to balance the decision game power and the basic game power. One observer notes that the reason why the momentum has moved away from global conference diplomacy *“is also part of the ‘one country-one vote system’, which leads the countries to shift their money, effort and time to organizations that don’t work that way, like the WB and IMF”* (NGO, respondent N). On the other hand, the newly published HDR (2013b:109) argued that the Bretton Woods institutions greatly underrepresent the South, “despite changing global economic realities”. The basic game is not reflected in the decision game as voting quotas in the Bretton Woods institutions are “weighted towards countries in the North”. The decision procedures in global institutions “appear unable to accommodate changing power relations” (ibid). An example conveying this is “China, which is the world’s second largest economy and holds more than \$3 trillion in foreign reserves, has had a smaller voting share in the World Bank than both France and the United Kingdom” (ibid). Still, in a system with “one dollar, one vote” countries must pay a subscription which determines the voting power in the fund (WB 2013). Thus, the rising South must also “assume more responsibility on the global stage, in line with its increasing economic power and political clout, including by contributing more resources to multilateral organizations” (HDR 2013b:109). China for, example, is mostly bilateral in its development cooperation. The big question within the UN is how to get China *“into a more multilateral way of thinking and a multilateral way of acting”* (Norwegian MFA, respondent A).

However, today it seems like the BRICS countries are creating their own institutions where they can advance their expanding political and economic goals; they are planning to create their own BRICS bank. The BRICS bank is supposed to challenge the dominance of the IMF and WB (Cohen and Arkhipov 2013). Even though it was concluded after the

32 Their book is titled “Dinosaurs or Dynamos- The United Nations and The World Bank at the Turn of the Century” where the dinosaur described the UN-system whilst the system of WB was termed a Dynamo.

negotiations in March 2013 that “more talks are needed to complete a plan”, it still conveys that the larger developing countries are attempting to gain more influence on the world stage, but *outside* the Western based institutions (Al-Jazeera 2013).

Creating your own institutions and joining exclusive club-like forums may be a strategy for the larger developed countries. However, smaller countries from the South expressed concern as the UN is in increased competition with other club-like forums: *“We fought very hard to be a part of the multilateral space; if the multilateral system continues to weaken then we may end up losing the only space where we are allowed to express our point of views”* (MIC, respondent O). The respondent believed, in line with Victor (2011) that *“the reason why this is happening is because stronger countries want to facilitate negotiations with fewer partners”*. The respondent argued that this was negative, because *“this will make it easier for the strongest countries in the world to impose their decisions. It is a way to get rid of the discussion, but this is not the way to find the solution”* (MIC, respondent O).

7.3 Different scenarios

From the previous section one could detect that some of the main findings from the analysis in chapter 6 seem relevant for other UN-organizations sharing similar characteristics (based on interviews and secondary material). The question becomes how much influence these characteristics and drivers can have on the development of an organization? For example did UNCTAD, shaped by all its characteristics, have to experience a rise and fall? This thesis argues that the development of UNCTAD and the sequence of events that led to the rise and fall was not something that was *given* or *predetermined*. Much was based on the cards UNCTAD was dealt and the cards it dealt to itself. In other words, the development of UNCTAD could have elapsed differently. Thus, this section will operate with a broader specter of possible outcomes for UNCTAD. The best case-scenario represents UNCTAD at its best, the worst case represents UNCTAD its worst. These are not theoretical abstractions, but plausible scenarios that take into account the strengths and weaknesses of GCD.

Underdal argues that GCD as a method has strengths related to specific functions. GCD's strengths and weaknesses will be underlined in each scenario. This is done because it would be unfair to judge UNCTAD on functions that GCD in general cannot do.

7.3.1 Best case scenario for GCD

Underdal (2012:6) argues that GCD is effective in “(a) setting political agendas and focusing governments and stakeholders’ attention worldwide, b) providing an institutional framework for building consensual scientific-based knowledge, (c) providing arenas for learning about effective policies and good practices, and (d) generating for many involved people positive stakes in its own success”.

In relation to UNFCCC it has been noted that the GCD function of “(a) setting agendas and (b) providing a framework for consensual learning” has been successful. These are functions often related to the beginning of a GCD process. Another aspect that supports the use of the GCD is that *“there is common agreement that one should solve old and new global problems through the established institutional structures”* (Expert Lunde). Another expert argued the main function of GCD is to create normative principles. A high level conference with heads of states and universal participation increases legitimacy and increases the normative impact compared to regular multilateral meetings. Nevertheless, it is the member countries that have the responsibility to implement these normative principles at national level. This proves to be difficult to do through mere GCD (cf. Andresen and Underdal 2012). There are *few* conferences that have managed to fulfill (stage 4) to implement the conference outcome(s) (including review and appraisal). One of the conferences that has managed this is the Mercury conference, which was of a technical character that to some extent shielded it from politicization (NGO, respondent N). UN Convention on Law of the Sea (UNCLOS) was also considered a success in relation to stage 4. Some argued this was due to cross cutting cleavages, which serve to diminish the North-South divide. Thus, it became a less malign problem.

UNCTAD at its best - Can UNCTAD as a forum do this?

From the analysis it became clear that UNCTAD has been successful in (a) setting the political agenda during its rise. It later lost its agenda setting power.

In order to be able to (b) *provide an institutional framework for building consensual scientific-based knowledge* and to be an (c) *arena for learning about effective policies and good practices* one would need an independent, neutral organization with highly skilled staff that both the North and South respected and wanted to work with. These experts would provide accurate and reliable information on “what the world looks like today”. The member countries would base their perceptions on this information, as well as incorporate this information-based knowledge in their positions. The independent experts from the organization would in the preparatory stage create different roadmaps in line with Rothstein’s advice. Even though UNCTAD is on paper “a neutral organization” it is tainted by its past. Thus, UNCTAD experts’ perceptions of how the world looks, will most likely be ignored by delegates from the North. UNCTAD as a forum would have had difficulties in being an institutional space where the strengths of (b) and (c) are displayed. However, UNCTAD was successful in achieving (d) generating for many involved people positive stakes in its own success (i.e. the developing countries).

7.3.2 Worst case scenario for GCD

“In an ideal world, every country – or perhaps even every person – would sit around a giant table and have its voice heard. That policy because it is guided by all voices, would be seen as fair and representative and thus legitimate [...] But that ideal world doesn’t exist because policy making at the international level is peculiarly vulnerable to gridlock” (Victor 2011:210)

It is with these somber words David Victor argues that the conventional wisdom that thrives in the UN stating that “the bigger talks lead to a more fair, legitimate, and effective outcomes” is wrong (Victor 2011:211). He is describing the GCD gridlock relating to climate change, but it still relates to the same dynamics one is witnessing in UNCTAD and other UN-organization that are meant to solve malignant global problems with an economic core.

Underdal (2012:6-7) also outlines some of vulnerabilities that GCD faces: “(a) deadlock over basic principles (pertaining, for example, to responsibilities and duties); (b) internal

coalition dynamics that enhance polarization; (c) obstinate veto players, taking advantage of the consensus requirement to thereby exert greater influence; (d) strains of global competition over wealth and power, enhancing actors' concern with relative gains and losses; and (e) the burden of overwhelming complexity".

These are some of the reasons that made one observer argue that in order to meet new global challenges one must step away from GCD: "*The UN and conference diplomacy serve as road blocks*". He used climate change as an example "*I'm interested in action on climate change so I don't care how it happens, ideally around a table with 194 countries with consensus. But if this is not going to happen and not happening now, we cannot afford to sit around and think; 'Jeez, I wish it would happen'*" (NGO, respondent N). This is in line with Victor (2011:6) who argues that in diplomacy there is a myth; when heroic mega-conferences "fail to produce consensus the diplomatic community doesn't shift course, but merely redoubles its efforts to find universal, binding law". This is one of the factors that produce «diplomatic zombies» that "hold endless meetings yet never succeed or die" (Victor 2011:260).

It is interesting to note that Expert Lunde argues that the deadlock over principles relating to responsibility in the climate change negotiations stems from the NIEO era. In other words, there seems to be some elements in a GCD worst case scenario that are of a general nature (1) asymmetric interests between countries, (2) disagreement concerning burden sharing. At all times there will be GCD processes that are in a deadlock due to contrasting interests that are difficult to bridge. Yet, gridlocks in GCD cannot be reasons "to give up the system". Situations can become so urgent and critical that one has to reach agreement, thus a common understanding of the crisis (consensual knowledge) has always been the main driver in getting results in GCD (Expert Skogmo).

UNCTAD in relation to GCD weaknesses

One observer argued that *"In terms of effectiveness, UNCTAD is not very effective but then most global intergovernmental negotiations face the same problem. WTO is stuck, the climate change negotiation is stuck, and Rio didn't work. UNCTAD doesn't work, but so what, it is the same as everybody else"* (NGO, respondent N). WTO is also struggling with a political stalemate and has not completed the Doha round negotiations which began in 2001. Yet the diplomatic gridlock is of a different character than the gridlock in UNCTAD. In WTO it is clearer why there is disagreement because it is due to national economic interests; it rarely entails symbols or issues of a normative character. Thus, through the analysis of UNCTAD it became clear that the situation in UNCTAD is especially malignant. UNCTAD has experienced (a) *Deadlock over basic principles*. All respondents argued that in UNCTAD XIII this was the major issue causing complete gridlock. All problems with an economic core, like trade and development and climate change, become vulnerable to the question of "whose fault is this" and "who should pay for this". The North-South rift with contending perceptions of the world serves to politicize and aggregate tensions.

(b) Internal coalition dynamics that enhance polarization is definitely a feature which is present in UNCTAD, as well as all other fora where the North/South block structure appears. SG Ricupero remarked that the North-South divide in theory made sense, but "in practice this 'block system' proved to be excessively rigid and thus incapable of capturing the individual nuances within each group" (UNCTAD 2004:xii). What further complicated the matter is the participation of extreme actors who are able to influence the position papers in a direction that intensifies polarization. The dynamics of the process itself seem to heighten the polarization; "Only after group positions are hammered out do intergroup negotiations begin in UNCTAD; the result is rigid maximal demands confront rigid minimal concessions" (Walters 1972:832)

(c) Obstinate veto players, taking advantage of the consensus requirement to thereby exert greater influence. Underdal's concept of the "Law of the least ambitious program" is relevant for UNCTAD. Walters (1972:832) underlined this factum in UNCTAD in 1972.

(d) Strains of global competition over wealth and power, enhancing actors' concern with

relative gains and losses. Several respondents believed that development issues are in the end an economic issue. Respondents from the South argue that the North is concerned with their relative power and wealth in relation to the BRICS.

(e) The burden of overwhelming complexity is also something that is described and captured through the variable of consensual knowledge.

Even though the GCD method has inherent weaknesses one must also take into account that GCD and the UN are something more than mere tools. Expert Skogmo argues that the UN system evidently is an arena for member states to safeguard and to promote their national interest. *“But the UN should be something more – it also the foremost intergovernmental system we have to determine and to promote common global interests”*. This commonality of interest is often hard to find and even more difficult to negotiate and too often, the UN becomes a scapegoat for lack of agreement among its owners, i.e. the member states (Skogmo 2009). Given the key role of the UN system, for instance in negotiating and monitoring global norms, it becomes too reductionist to judge the UN only in terms of development effectiveness (ibid). UN agencies, with their global membership, are very often at a disadvantage when competing with more focused, streamlined and donor-driven organizations and funds, which concentrate on areas where results can be more easily measured.

8 Post reflections: The future of UNCTAD as a forum

A 'dinosaur' that has not managed to adapt

The majority of my respondents believed that UNCTAD's future was dark. All respondents agreed that "something must be done" in order to make UNCTAD effective. One observer used a software analogy to explain where we are today: *"You have a software version 1.0 and we are now up to version 1.687, all you need is a version 2.0. A rethink, a redesign of the UN. And I think it is part of that redesign UNCTAD needs to be shut down because it perpetuates the North- South rift that is not very constructive"* (NGO, respondent N). The sentiment expressed is that UNCTAD is in itself a product of history as the North-South rift' and the 'context of the 1960's' is deeply ingrained in UNCTAD's structure. The observer argued that the shutdown of UNCTAD is not likely to happen in the foreseeable future; *"UNCTAD will live long as a weak and ineffective organization without any significant changes to its mandate"* (NGO, Respondent N).

A respondent from the South told me *"After the experience of Doha, I'm afraid UNCTAD as a forum is becoming less relevant"* (MIC, respondent O). He argues that the developed countries do not find UNCTAD useful and therefore the forum will lose significance. He explained how the discussions in UNCTAD are much broader than in the WTO, but that there is something intrinsically good in having a broad discussion. We can *"express our desire, principles and position, but the problem is that we end at this point and there is no practical consequences afterwards"* (MIC, respondent O). Another respondent was pessimistic concerning the future of the North-South dialogue in general; *"We are extremely worried now. We called it the crisis of multilateralism that has emerged over the last 5 years [...] In a way it could be termed as a North-South dialogue which has become dysfunctional"* (Think tank, Respondent D). In summary, respondents from both the North and South were pessimistic towards UNCTAD's future, but could there be a place for a changed and reformed UNCTAD?

8.1.1 A place for UNCTAD in the ‘Beyond Aid Era’?

An expert hoped UNCTAD could have become the ‘third world countries’ OECD’. UNCTAD could play a role in the future as a think tank. He suggested that UNCTAD’s Trade and Development Board could play a strategic leading role as a governing body and the rest of the intergovernmental forum functions can be shut down. Respondents told me that UNCTAD has already played a role in giving advice to the larger developing countries that are a part of the G-20. One respondent argued that developing countries have little access to think tanks that can help them within the trade area and that they can trust, except the South Centre. The developing countries know that UNCTAD has supported them since its establishment. UNCTAD’s history can be a positive feature and an advantage in becoming a think tank for the G77. It can support and give differentiated advice to the various fractions within the G77- coalition (BRICS, MIC and LDC). Another reason why UNCTAD could have been a think tank is because many respondents argue that UNCTAD’s mandate still remains relevant. UNCTAD has a broader view of the development, it is not just aid. In the HDR 2013 it was written that one of key drivers of development in the South was “a strong, proactive and responsible state” (HDR 2013b:4). This echoes what UNCTAD has been stating since its establishment.

Nevertheless, the Expert argued that if UNCTAD is to be reformed and become relevant it seems important that the emerging economies become more active drivers for change. The countries in the North have other forums and no strong incentives to reform UNCTAD. The emerging economies are writing in their communiqués and speeches all the “right things” concerning the strengthening of UNCTAD, yet what do they do to support UNCTAD in practice? They are creating other arenas, like the BRICS bank. Through the concept of “forum shopping” one can argue that it is less likely that ‘big hitters’ (like China, India and Brazil) will perceive UNCTAD as *the* organization that can best provide them with advice and relevant expertise. The emerging economies situation is very different compared to the LDC group in the basic game. On the multilateral arena emerging economies can easier forum shop and even create their own institutions tailored to their needs. Therefore it is more likely that the MIC and LDC countries will have stronger incentives to reform and change UNCTAD as the organization’s mandate and function is more “suited to their

interests". Whether the MIC and LDC countries are strong enough, have the capacity or interest to change and reform UNCTAD remains an open question.

A comprehensive approach to development has become the new trend in the new era 'Beyond Aid'. In a changing world where one is gaining a "more balanced view" of the world economy and where one sees a role for the state, there is room for multilateral institutions that have alternative views compared to IMF, WB and WTO. If UNCTAD had managed to reform and adapt to the changing realities, there could potentially be a place for a reformed UNCTAD in this new era. If UNCTAD continues to cling to the past, it will sink into oblivion and become a 'diplomatic zombie' reminding us of the failure of GCD and how dysfunctional the North-South dialogue can become.

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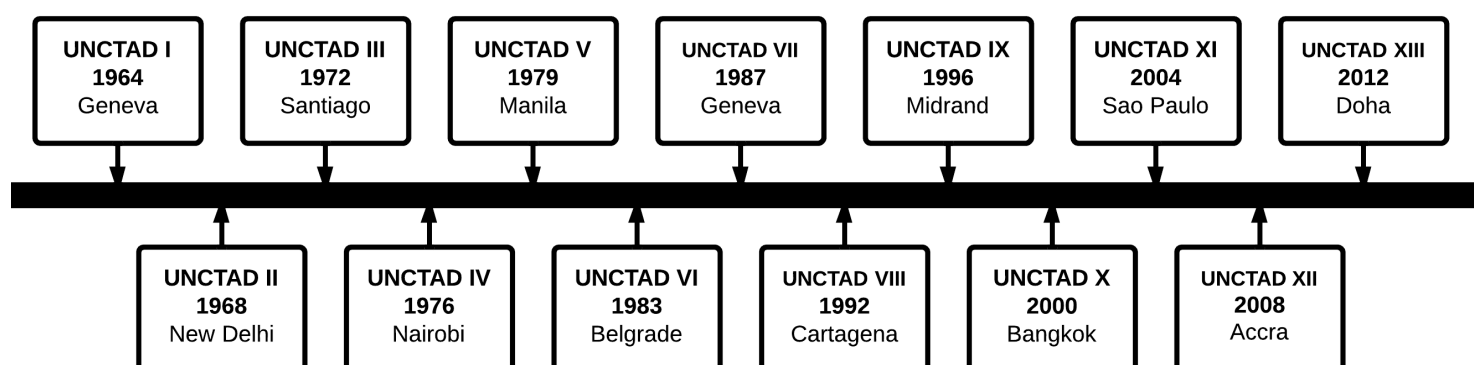
Appendix

Appendix A: List of Respondents

Interviews conducted in 2011	
July 2011	Geir Myrstad , Head of operations International Programme on the elimination of child labour- IPEC, ILO.
July 2011	Geir Myrstad and an UNCTAD employee.
July 2011	Miguel Bautista , Chief Liason officer in UNCTAD. Has previously been a delegate from the Philippines covering UNCTAD in NY and was lead negotiator for G77.
Interviews conducted in 2012	
December 2012	Bjørn Skogmo , UN Ambassador for the Permanent Mission of Norway to the United Nations in Geneva, <i>Wrote the background report to St.meld.nr. 33</i>
December 2012	Fredrik Arthur , Ambassador of Gender equality at the Norwegian Ministry of Foreign Affairs. Covered UNCTAD as Embassy counsellor the Permanent Mission of Norway to the United Nations in Geneva from 2004- 2008.
December 2012	Kåre Stormark , Deputy Director-General of the Departement for UN, Peace and Humanitarian Affairs in the Norwegian Ministry of Foreign Affairs. Covered UNCTAD when he was a Minister Counsellor at the Permanent Mission of Norway to the United Nations in Geneva from 2010-2012.
Interviews conducted in 2013	
March 2013	Bjørn Skogmo
January 2013	Didrik Tønseth , Minister Counsellor at the Permanent Mission of Norway to the UN in Geneva.
January 2013	Jan Hoffman , Chief of trade facilitation section, UNCTAD.
January 2013	Juan C. Sanchez Troya , Head of G77 from the Permanent Mission of Ecuador.
March 2013	Leiv Lunde , Director of Fridtjof Nansen Institute, has covered UNCTAD both as NGO lobbyist, researcher and as State Secretary in the Norwegian Ministry of Foreign Affairs.
January 2013	Luisa A. R Ortega , Economic Affairs Officer in UNCTAD, previously diplomat covering WTO negotiations at the WTO mission of Venezuela. Has also worked with the South Centre.
January	Mark Halle , Executive Director, International Institute for Sustainable

2013	Development (IISD), Europe.
January 2013	Masoumeh Sahami UNCTAD, Chief, Intergovernmental Support Service and Secretary of the Trade and Development Board.
January 2013	Miguel Bautista
January 2013	Mona Frøystad , Norwegian JPO to UNCTAD. Worked within different sectors of UNCTAD.
January 2013	Mongi Hamdi , Head of the Office of the Secretary-General in UNCTAD.
January 2013	Moshe Kao Minister Counsellor at the Embassy of the Kingdom of Lesotho, former head of G77 in 2011.
January 2013	Pål Børresen , Senior Sovereign Debt Expert, Debt and Development Finance Branch, UNCTAD.
January 2013	Vicente Paolo Yu , Head of Administration and Programme Coordinator of Global Governance for Development at the South Centre.
January 2013	Vlasta Macku , Chief, UNCTAD Virtual Institute.

Appendix B: Timeline provided in elite interviews (2012 and 2013)



Appendix C: Definition of criteria provided in elite interviews (2012 and 2013)

To what extent has UNCTAD achieved to:

1. Set the agenda

Agenda setting can be defined as “a process by which demands by various actors at different levels are translated into items vying for the attention of policymaking organs” (Bergesen and Lunde 1999:4).

2. Promote a common understanding

IGOs are supposed to organize and facilitate discussions where the *nature and scope of a certain problem* needs to be ‘solved’. Another aspect is that there needs to be agreement of the *cause and effect* relationships in the problems addressed.

3. Give Policy advice

The IGO can “translate the normative principles into action at the nation level” (Bergesen and Lunde 1999:8). In order to propose recommendations for government policy the IGO needs to possess expertise and have sufficient legitimacy (Bergesen and Lunde 1999:8).